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VOL. 3

SEPTEMBER, 1910

No. 3

PROGRAM OF THE LOS ANGELES CONVENTION.

OCTOBER 3-7, 1910.

Subject to change by vote of the Executive Council or by vote of the Convention.

MONDAY, OCTOBER 3RD, 1910.

General Registration for the Association, Trust Company, Savings Bank, and Clearing House Sections, and the Organization of Secretaries, at Headquarters Hotel—The Alexandria.

Committee meetings in rooms assigned at The Auditorium.

Meeting of the Executive Council, 2 o'clock p. m., in Choral Hall, The Auditorium.

Executive Council Banquet, 7 o'clock p. m. at Hotel Alexandria. Tendered by the Clearing House and the affiliated banks of Los Angeles, Calif.

TUESDAY, OCTOBER 4TH, 1910.

FIRST DAY'S SESSION.

Convention called to order at 10 o'clock a. m. sharp by the President, Lewis E. Pierson.

Invocation by Rev. Robert J. Burdette, Pastor Emeritus Temple Baptist Church of Los Angeles.

Addresses of welcome:

Hon. James N. Gillett, Governor of California.

Hon. George Alexander, Mayor of Los Angeles.

W. H. Holliday, President Los Angeles Clearing House Association.

Response to addresses of welcome:

George H. Russell, Detroit, Mich., ex-President of the Association.

Annual address of the President:

Lewis E. Pierson, New York City.

Annual report of the General Secretary:

Fred. E. Farnsworth, New York City.

Annual report of the Treasurer:

P. C. Kauffman, Tacoma, Wash.

Report of the Auditing Committee:

Annual report of the General Counsel:

Thomas B. Paton, New York City.

Annual report of the Executive Council:

William Livingstone, Chairman, Detroit, Mich.

Annual report of the Standing Protective Committee:

Fred. E. Farnsworth, Secretary.

Adjournment at 1 o'clock.

AFTERNOON SESSION.

2 O'CLOCK.

Reports of various Committees.

Addresses.

Practical Banking Questions: Discussions.

ENTERTAINMENT.

Tuesday evening—Grand reception and ball at the Shrine Auditorium.

WEDNESDAY, OCTOBER 5TH, 1910.

MORNING AND AFTERNOON SESSIONS.

Trust Company Section. (Program will be found on page 124.)

Organization of Secretaries. (See page 125.)

ENTERTAINMENT.

Trip to Catalina Islands, where a barbecue will be given.

Automobile ride to Pasadena.

Wednesday evening—Theatre.

THURSDAY, OCTOBER 6TH, 1910.

MORNING AND AFTERNOON SESSIONS.

Savings Bank Section. (Program will be found on page 124.)

Clearing House Section. (See page 125.)

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

ENTERTAINMENT.

Trip to Catalina Islands, where a barbecue will be given.
Automobile ride to Pasadena.
Thursday evening—Theatre.
Second Annual dinner of the Council Club at Hotel Alexandria.

Report of Committee on Protective Laws, by Mr. Lynn H. Dinkins, Chairman.

Mr. Wm. C. Poillon, Vice-President, The Mercantile Trust Company, New York City.

"The Advantage to the Trust Company in Making Loans Upon Marketable Collateral Rather Than Upon Personal Credit."

Mr. Wilbur M. Baldwin, Assistant Treasurer, The Citizens' Savings & Trust Company, Cleveland, Ohio.

"The Advisability of a Trust Company Maintaining an Auditing Department Rather than Having Periodical Audits from Without."

Topics for Discussion.

The following subjects have been selected as of interest to the Section, and it is hoped that they may promote active discussion by the members present, who are urged to speak freely upon them:

1. "The Personal Element in Trust Company Work." Discussion to be opened by Mr. Edgar Stark, Trust Officer of the Union Savings Bank & Trust Company, Cincinnati, Ohio.

2. "Investment of Trust Funds and The Respective Interest Therein of Life Tenant and Remainder-man." Discussion to be opened by Mr. Isaac H. Orr, Trust Officer of the Mercantile Trust Company, St. Louis, Mo.

3. "The Duties and Responsibilities of a Trust Company in Connection with Investments to be Offered to the Public." Discussion to be opened by Mr. F. J. Parsons, Secretary United States Mortgage & Trust Company of New York, followed by Mr. Dimmer Beeber, President Commonwealth Title Insurance and Trust Company, Philadelphia, Pa.

4. "Should Trust Companies Charge for Carrying Small Accounts?" Discussion to be opened by Mr. Edw. O. Stanley, Vice-President Title Guarantee & Trust Company, New York City.

General discussion of such other topics as may be proposed and may have the approval of the presiding officers.

Roll-Call of States, to be answered by the Vice-Presidents of the Section in brief written reports dealing with the history of the Trust Companies in the several States during the preceding year and with the conditions under which they are now operating and other matters of interest now pertaining to them.

(Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)

Election and Installation of Officers.
Unfinished Business.

SAVINGS BANK SECTION.

Thursday, October 6, 1910.

1. Meeting called to order by President Creer, at 10 a. m.
2. Prayer by the Rev. Hugh K. Walker, Pastor Emmanuel Presbyterian Church, Los Angeles.
3. Address of welcome, by J. D. Radford, Vice-President German-American Savings Bank, Los Angeles.

FRIDAY, OCTOBER 7TH, 1910.

SECOND DAY'S SESSION.

Convention called to order at 10 o'clock a. m. sharp by the President, Lewis E. Pierson.
Invocation by Rev. Charles E. Locke, Pastor First Methodist Church of Los Angeles.
Announcements.
Reports of Committees.
Action on amendments to Constitution.
Invitation for next convention.
Addresses.
Adjournment at 1 o'clock.

AFTERNOON SESSION.

2 o'CLOCK.

Roll call of States.
Addresses.
Unfinished business.
Resolutions.
Report of Committee on Nominations.
Action on same.
Installation of officers.
Adjournment.

The meeting of the new Executive Council will be held at Choral Hall, The Auditorium, immediately following the adjournment of the convention, should the convention adjourn at a reasonable hour; otherwise, at 8 o'clock p. m.

The Program Committee, which comprises the executive officers of the Association, cannot at this time announce in full the names of the distinguished guests who will make addresses before the convention, except in the case of the able representative of the coast, Dr. Benjamin Ide Wheeler, President of the University of California, Berkeley, whose subject will be "The Banker as a Public Servant."

TRUST COMPANY SECTION.

Wednesday, October 5, 1910.

Meeting to be called to order by the President of the Section at 10 a. m.

Prayer by the Rev. J. Whitcomb Brougher, Pastor Temple Auditorium.

Address of welcome on behalf of the City of Los Angeles by Mr. Joseph Scott, President Los Angeles Chamber of Commerce.

Address of welcome on behalf of the Trust Companies of California by Mr. J. C. Drake, President Los Angeles Trust & Savings Bank.

Reply to addresses of welcome and annual address by the President, Mr. H. P. McIntosh.

Report of the Secretary, by Mr. Philip S. Babcock.

Report of the Executive Committee, by Mr. Lawrence L. Gillespie, Chairman.

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4. Annual address by the President.
5. Report of Chairman of Executive Committee.
6. Report of Secretary.
7. Report of Committee on Postal Savings Banks.
8. Report of Committee on Savings Bank Laws.
9. Report of Committee on Auditing.
10. Report of Committee on Membership.
11. The Building and Loan Movement in the United States.
Address by James M. McKay, President United States League of Local Building and Loan Associations of Youngstown, Ohio.
12. Segregation of Savings Deposits.
 - (a) Address by J. H. Johnson, President Feninsular Savings Bank, Detroit, Michigan.
 - (b) Address by R. M. Welch, Secretary California Bankers' Association, San Francisco, California.
Address by Rev. Robert J. Burdette, Pastor Emeritus, Temple Baptist Church, Los Angeles, California.
14. Bonds for Savings Banks.
 - (a) Amortization of Bonds. Address by John Harsen Rhoades, Rhoades & Co., New York.
 - (b) The Future of Bonds. Address by Edmund D. Fisher, Deputy Comptroller of the City of New York.
15. School Savings Banks.
Address by Newton F. Hawley, Treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn.
16. Open Discussion.
17. Nominations and Elections for
President,
1st Vice-President,
3 members of Executive Committee to serve 3 years.
18. Installation of Officers Elected.
19. Adjournment.

CLEARING HOUSE SECTION.

The full program for the annual meeting of the Clearing House Section is not yet completed. An entire day will be given to the deliberations of the Section, the program embodying an invocation, an address of welcome, a response, several good addresses on pertinent subjects, the usual discussion, and the roll-call of cities represented.

Delegates to this meeting have been appointed by the various Clearing Houses of the country on the basis of representation as provided for in the By-Laws, which is one delegate for every five members of the Clearing House, and one delegate each for Clearing Houses having less than five members.

The Section will hold its sessions on Thursday, October 6th, in Choral Hall, The Auditorium, commencing at 10 o'clock a. m. It is expected that there will be an unusually large and interesting meeting.

ORGANIZATION OF SECRETARIES.

of State Bankers' Associations.

The Organization of Secretaries will hold its annual meeting at Los Angeles on Wednesday, October

5th, in Choral Hall, The Auditorium, commencing at 10 o'clock a. m. There will be two sessions—morning and afternoon—and arrangements have been made for the State Secretaries to lunch together in the breakfast room of the California Club at 1 o'clock. An especially interesting program is being arranged which will be announced later.

The sessions of this Organization are very important, and are generally well attended by the State Secretaries, who receive much benefit from the discussions of State Association work. Among the important matters which will be considered, is the proposition to make the Organization a Section of the American Bankers Association, in which the Secretaries are unanimous. Another important matter which has been discussed in the past, and on which some improvement has been made, is an arrangement by the State Associations whereby conflicting dates for holding annual conventions can be avoided, so that representatives from the larger cities, who always attend State conventions, will be enabled to attend more meetings by a continuity of dates; it being argued that the attendance of the visitors adds to the interest of the various meetings.

REGISTRATION AT THE CONVENTION.

The attention of our members is called to the importance of having it understood in advance of the registering at our Convention as to who the delegate will be as well as the guest accompanying such delegate, if of course there should be one. In the latter case it should also be decided in advance as to who will do the registering and receive the badges and invitations, for it is desired that one person, representing a member, register for those who are in attendance at the Convention on account of such membership.

Our members' attention is also called to the new form of registration card, a fac-simile of which is reproduced on next page. A perusal of same is requested in order that you may be informed as to the questions which will have to be answered.

It is believed that this new system of registration will prevent to a considerable extent errors in the printing of names and facilitate matters materially. By giving the information direct to the operator instead of writing your registration card by longhand, we at once have a clear record for the printer as well as a carbon copy for our own files.

For extra guests (being those other than the one guest allowed to accompany the delegate under the resolution of the Executive Council as shown above), there will be a charge of \$10.00 for each name registered.

Rapid typewriters will do the registering for you and we therefore trust that you will promptly answer the questions asked by them, speaking plainly in order to avoid possible mistakes and when receiving the registration blanks from the typewriter, peruse same; see if the answers are properly recorded, and your name correctly spelled, and, if so, turn these slips in and receive your badges and souvenirs accordingly.

The Association will publish daily its own registration list.



AMERICAN BANKERS' ASSOCIATION LOS ANGELES

1910

DELEGATE'S CARD AND THE
GUESTS ACCOMPANYING HIM.(See Printed Matter
Below)

Name..... City.....

Official Position..... State.....

Name of Bank..... Hotel.....

Guest accompanying..... What relation or title.....

Extra Guest..... " " " "

" " " " " "

Is the Institution you represent a member?.....

Delivered to.....

"Each member of the Association can be represented by one delegate, as per the Constitution, and such delegate is authorized to bring one guest, if a member of his family, or some one connected with his bank; any other guest is required to pay ten dollars for the privileges of the Convention."

By order of the Executive Council.

No one representing a banker or banking institution is accorded the privilege of registering unless such banker or banking institution is a member. If membership is desired, application blank will be furnished at once.

FAC-SIMILE OF REGISTRATION CARD.

NOMINATIONS MADE AT CONVENTIONS OF
THE STATE BANKERS' ASSOCIATIONS AND
CERTIFIED TO THE AMERICAN BANK-
ERS' ASSOCIATION BY THE SECRE-
TARIES OF THOSE ASSOCIATIONS
TO AUG. 29TH, 1910, INCLUSIVE.

Members of the Executive Council:

Alabama: J. H. Barr, Vice-President First National Bank, Birmingham.
 Arkansas: George W. Rogers, Cashier Bank of Commerce, Little Rock.
 California: H. S. Fletcher, President Bank of Watsonville, Watsonville.
 Connecticut: C. C. Barlow, Vice-President and Cashier Yale National Bank, New Haven.
 Georgia: L. P. Hillier, Vice-President American National Bank, Macon.
 Maryland: Albert D. Graham, Cashier Citizens National Bank, Baltimore.
 Michigan: Emory W. Clark, Vice-President First National Bank, Detroit.
 Minnesota: George F. Orde, Cashier First National Bank, Minneapolis.
 New York: Ledyard Cogswell, President New York State National Bank, Albany.
 James G. Cannon, President Fourth National Bank, New York.
 Hiram R. Smith, President Bank of Rockville Centre, Rockville Centre.
 Ohio: T. J. Davis, Cashier First National Bank, Cincinnati.
 Oklahoma: D. W. Hogan, Cashier American National Bank, Oklahoma City.

South Carolina: W. D. Morgan, President Bank of Georgetown, Georgetown.
 Texas: O. E. Dunlap, President Citizens National Bank, Waxahachie.

For Vice-Presidents of the Different States and Territories:

Alabama: B. B. Barnes, President First National Bank, Eutaw.
 Arkansas: E. T. Reeves, Cashier German National Bank, Little Rock.
 Connecticut: M. H. Griffing, Cashier City National Bank, Danbury.
 Florida: J. S. Reese, President Peoples National Bank, Pensacola.
 Georgia: C. B. Lewis, Vice-President and Cashier Fourth National Bank, Macon.
 Idaho: Boyd Hamilton, Cashier Coeur d'Alene Bank & Trust Co., Coeur d'Alene.
 Kansas: G. C. Smith, President Peoples National Bank, Kansas City.
 Louisiana: L. M. Pool, Vice-President Hibernia Bank & Trust Co., New Orleans.
 Maryland: H. H. Haine, President National Bank of Rising Sun, Rising Sun.
 Massachusetts: Jos. W. Stevens, President First National Bank, Greenfield.
 Michigan: F. P. Browne, Cashier First National Bank, Bay City.
 Minnesota: George C. Powers, President Second National Bank, St. Paul.
 Missouri: Samuel Sharp, President Montgomery County Bank, Montgomery City.

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New York: Cornelius A. Pugsley, President Westchester County National Bank, Peekskill.
Ohio: W. F. Hoffman, President Commercial National Bank, Columbus.
Oklahoma: Jake Easton, President Citizens National Bank, Antlers.
Oregon: E. A. Wyld, Vice-President Security Savings & Trust Co., Portland.
South Carolina: T. B. Stackhouse, Vice-President National Loan & Exchange Bank, Columbia, and President Bank of Dillon, Dillon.
Texas: George E. Webb, President First National Bank, San Angelo.
Utah: W. S. McCormick, President McCormick & Co., Bankers, Salt Lake City.
Virginia: Geo. A. Schmelz of Schmelz Bros., Bankers, Newport News.
Washington: Geo. B. Burke, Manager Bankers Trust Co., Tacoma.
Wisconsin: C. C. Brown, President First National Bank, Kenosha.

Members of Nominating Committee.

Alabama: Sylvian Baum, 2nd Vice-President New Farley National Bank, Montgomery.
Arkansas: S. S. Faulkner, President First National Bank, Helena.
California: Joseph D. Radford, Vice-President German American Savings Bank, Los Angeles.
Connecticut: C. E. Hoyt, Sec'y-Treas., South Norwalk Trust Company, South Norwalk.
Florida: W. K. Hyer, Jr., President First National Bank, Pensacola.
Georgia: E. W. Stetson, President Citizens National Bank, Macon.
Idaho: E. H. Hollister, Cashier Farmers & Merchants Bank, Idaho Falls.
Kansas: P. W. Goebel, President Commercial National Bank, Kansas City.
Louisiana: Jos. Gottlieb, President Louisiana State Bank, Baton Rouge.
Maryland: M. H. Grape, Assistant Treasurer, Continental Trust Co., Baltimore.
Massachusetts: Alfred L. Aiken, President Worcester County Institution for Savings, Worcester.
Michigan: Paul J. Ullrich, Cashier Ullrich Savings Bank, Mount Clemens.
Minnesota: Jos. Chapman, Jr., Vice-President Northwestern National Bank, Minneapolis.
Missouri: Graham G. Lacy, Vice-President Tootle-Lemon National Bank, St. Joseph.
New York: Fred. W. Hyde, Cashier National Chautauqua County Bank, Jamestown.
North Carolina: H. C. McQueen, President Murchison National Bank, Wilmington.
North Dakota: Lewis F. Crawford, Cashier Interstate Bank of Billings County, Sentinel Butte.
Ohio: W. A. Graham, Cashier Citizens National Bank, Sidney.
Oklahoma: J. H. Mc Birney, President Bank of Commerce, Tulsa.
Oregon: J. L. Hartman, of Hartman & Thompson, Bankers, Portland.
South Carolina: Ira B. Dunlap, Cashier National Union Bank, Rock Hill.
Texas: H. R. Eldridge, Vice-President First National Bank, Houston.

Virginia: R. C. Marshall, Cashier Bank of Tidewater, Portsmouth.
Washington: J. E. Chilberg, Vice-President Scandinavian American Bank, Seattle.
Wisconsin: William M. Post, Cashier National Exchange Bank, Milwaukee.
(Alternate) J. H. Puelicher, Cashier Marshall & Isley Bank, Milwaukee.

For member of the Executive Council from States and Territories where the membership in the American Bankers Association is less than 100, a nomination will be made at our convention by the Nominating Committee, composed of the Vice-Presidents of such States and Territories. This same committee will also nominate Vice-Presidents for these States and Territories.

For members of the Executive Council representing the Trust Company Section, the Savings Bank Section, the Clearing House Section and the American Institute of Banking Section, nominations will be made by the General Nominating Committee in its report to the convention.

REDUCED RAILROAD RATES TO THE CONVENTION.

New England.—New England Passenger Association: One and one-half first class limited fare to Chicago or St. Louis added to fares tendered therefrom for the round trip; proportionate differential to apply, has been granted. Tickets to be sold September 23d to September 29th inclusive, with final return limit of October 31st.

New York and the East.—Trunk Line Association: Same as New England. (See above.)

Central States.—Central Passenger Association: One and one-half fare for round trip from points in this territory to the western gateways of the Central Passenger Association, viz.: Chicago, Peoria and St. Louis, added to the tender of the Trans-Continental Lines therefrom. Tickets on sale September 24th to 30th, 1910, inclusive, with final return limit of October 31st, 1910.

Chicago West.—Western Passenger Association: Same as Pacific Coast States. (See below.)

Pacific Coast States.—Trans-Continental Passenger Association: From Chicago, St. Louis, Memphis and New Orleans special convention tickets have been authorized, which will be on sale September 24th to 30th, 1910, both inclusive, with final return limit of October 31st, 1910. The fare from Chicago is \$62.50 for the round trip and from either St. Louis, Memphis or New Orleans, \$57.50. Reduced rates from other cities in this territory can be secured by making application to respective local ticket agents.

South.—The Associated Railways of Virginia and the Carolinas, covering points in Georgia, North Carolina, South Carolina, Virginia and Washington, D. C., have granted one and one-half fare for the round trip. Tickets on sale September 23d to 29th inclusive, with final return limit of October 31st, 1910. Application should be made as to stop-over privileges offered from this territory.

South East.—Southeastern Passenger Association: Diverse route summer tourists fares can be secured, based on Joint Tariff No. 1, and tickets will be sold September 24th to 30th inclusive; with final return

limit to October 31st, 1910. All tickets carry liberal stop-over privileges, and members may have the privilege of going via one route and returning via another. Fares and arrangements tendered by the Trans-Continental Passenger Association Lines have been accepted by the Southeastern carriers.

South West.—Southwestern Passenger Association: Same as Pacific Coast States. (See above.)

Arizona Eastern Railroad Co.—Tickets are on sale daily to September 30th, 1910, and are based on a fare and one-third for the round trip, with final return limit to November 30th, and provide for liberal stop-over privileges.

Sonora Railroad.—Special reduced rates will apply from points on this line, and tickets will be on sale until September 30th, good to return until November 30th, 1910.

Going Trip and Stop-Overs.—In connection with the rates offered as referred to, the going trip must begin on date of sale of ticket, and stop-overs will be allowed within limit of ticket as follows: on going trip, at and west of Missouri River gateways (Omaha to Kansas City inclusive), St. Paul, Duluth, Memphis, New Orleans and Port Arthur, and on return trip at and west of Chicago, Peoria, Bloomington, St. Louis, Memphis, New Orleans and Port Arthur.

Validation and Return Trip.—Tickets will be good for return only when validated at destination or at an intermediate point en route returning where a T. C. P. A. joint agency is located except that California tickets may be validated at Prescott, Phoenix or Grand Canyon, when not used to destination. The Central Passenger Association advises, that tickets to California points reading both ways via Alberquerque, and Atchison, Topeka & Santa Fe Railroad, will be validated at Phoenix, Prescott or Grand Canyon, Ariz., and tickets reading both ways via El Paso or Deming and Southern Pacific Company will be validated at Phoenix, Arizona. A joint agency will be established at Oakland Pier, California, for validation of tickets reading to San Francisco only. Tickets will be validated not to exceed three days in advance of departure of passengers. Return trip must begin on date and trains stamped on validation certificate by Joint Agent, who will punch final return limit on certificate. A fee of fifty cents (50 cents) for the validation of each ticket will be collected by Joint Agent.

Terminal lines give notice that no special train or special cars will be parked at Los Angeles, or any point within twenty-five miles thereof, or at San Francisco, including Alameda, Berkeley, Richmond or other points on the east side of San Francisco Bay.

For sections of the country not covered above, it is assumed that the various railroad companies therein will grant reduced rates, and therefore, application should be made direct to your local railroad agent regarding same.

SPECIAL TRAINS TO THE CONVENTION.

The Chicago Specials.

The indications are that there will be three special trains out of Chicago for the Los Angeles convention, carrying about three hundred people. These trains will be made up of compartment cars, with two dining cars, a buffet and an observation car on each

train, and on one of the specials will be one car from Iowa, one from Milwaukee and one from Pittsburg. These trains are booked to leave Chicago on Wednesday, September 28th, about 11 o'clock A. M., going via Omaha, Denver, Ogden and Salt Lake City.

Tour of the Eastern and Southern Bankers.

This tour to Los Angeles and return under the auspices of the New York State Bankers' Association, leaves New York, Monday, September 26th, in a special train de luxe, via the New York Central lines.

The Eastern and Southern states will be well represented and the Bankers' Special will be run in three sections, and is a counterpart of the Twentieth Century Limited. The highest grade of Pullman equipment will be assigned—drawing room and open section sleeping cars; stateroom, observation and dining cars. A combination buffet-smoking-library car, with barber shop and bath, will be known as the Gentlemen's Club Car, and the observation car will be known as the Ladies' Club Car, in which will be placed an upright player-piano. There will be a stenographer in the observation car whose services will be free to members of the party. The entire train will be electric lighted and there will be individual electric reading lamps in each drawing room, stateroom and section.

Passengers will be entitled to the usual free allowance of baggage, with access thereto at any time while en route. The sections will be operated on the same schedule, arriving at all important points at practically the same time. The route will be through the picturesque valleys of the Mohawk, the Great Raton Range into New Mexico, the Grand Canyon of Arizona, arriving at Los Angeles Sunday evening, October 2d.

The return after the convention will leave Los Angeles on the morning of Saturday, October 8th, by the Northern Route, visiting Santa Barbara, Del Monte, Santa Cruz, San Jose, San Francisco; through the Sacramento Valley to Portland, Oregon, Seattle, Vancouver, via the Canadian Pacific Railway to Banff Hot Springs over the Canadian Rockies. Stops will be made at different points of interest, where arrangements have been made at the hotels for the accommodation of the party.

The Pennsylvania Railroad Special.

The Bankers' tour de luxe, via the Pennsylvania Road, leaves New York on Monday, September 26th, at 6:25 P. M. This train will be run in various sections and be of the highest grade of Pullman equipment, electrically lighted, and will be a counterpart of the "Pennsylvania Special"—the eighteen-hour train between New York and Chicago. It will be composed of Pullman parlor-smoking car with barber shop, dining car, drawing room and compartment sleeping cars and observation car. A stenographer will be located in the observation car, whose services will be free. An upright piano will also be placed in the observation car.

The itinerary covers the most interesting routes of travel during the autumn season, going westward via St. Louis, Kansas City, Colorado Springs, and the Grand Canyon of Arizona, reaching Los Angeles Sunday evening, October 2d.

After the convention the party will visit points of interest in Southern California and along the Pacific coast to San Francisco, returning via the

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Shasta Route to Portland, thence to Seattle and Vancouver and through the Canadian Rockies.

Missouri and Kansas Special.

This train will leave St. Louis September 27th at 11:31 P. M., going to Kansas City, Colorado Springs, Grand Junction and Salt Lake City, arriving at Los Angeles at 7:30 A. M., October 2d.

The Tennessee Bankers' Association delegates to the convention will join the Missouri and Kansas contingent, and have made reservations on the special.

The members of the Executive Council of the American Bankers Association from the States of Kentucky, Arkansas and Mississippi, will also be members of the party.

The train will be composed of a library-buffet car, Pullman standard and compartment sleepers, dining cars and observation car, electric lighted throughout, of the highest standard, and provided with every comfort-giving device known to modern railway facilities.

The Ohio Special.

This special will leave Cleveland Monday, September 19th, at 1 P. M.

Columbus sleepers for this train leave at 9:30 A. M., and will be attached to special at Toledo. Cincinnati sleepers will leave at 12:20 P. M., and will be attached to train at Chicago. The tour "Over the Mountains and Down to the Sea" is via the Canadian Rockies, Sierra Nevada and Rocky Mountains. The special is composed of one dynamo combination, baggage car, gentlemen's buffet club and library car, bath and barber shop, music room, two dining cars, one ten section, two drawing room cars, seven compartment and drawing room cars, one ten section ladies' club and observation car with piano. Vestibuled and electric lighted throughout. The train arrives at Los Angeles Sunday, October 2d, at 9:45 A. M.

Tour of Southern Bankers.

The tour of the Southern bankers leaves Atlanta 7:32 a. m., Tuesday, September 27th, via the Dixie Flyer route. This tour contemplates the concentration in Atlanta of the North and South Carolina, Georgia and Florida delegations. There will be through sleepers from Nashville to Los Angeles. The train will be a solid vestibuled one, with dining car service, Pullman drawing-room sleepers. The dining car service en route will be a la carte. The trip will be via Chattanooga, Nashville, St. Louis, Kansas City, Albuquerque and the Grand Canyon of Arizona. The cars of the Southern delegation will be attached at the Grand Canyon to the Bankers' Special from the East, arriving in Los Angeles at 6 o'clock p. m., Sunday, October 2nd.

The return trip will be made via San Francisco, Ogden, Salt Lake City, Colorado Springs and Denver,

and stops will be made at those places, visiting many points of interest in their vicinity, arriving in Atlanta at 8:25 p. m., Monday, October 17th.

LOCAL COMMITTEES AT WORK.

It is very evident that the local committees at Los Angeles for the coming convention will have all the details arranged in perfect shape.

The following are some of the sub-committees which are busy on various matters and minor details pertaining to the convention: On Souvenirs; On Badges and Signs; On Fruit; On Stationery; On Registration, Supplies and Administration; On Information, Supplies and Administration.

The sub-committees will hold weekly meetings from now on, in order to keep in close touch with the progress of affairs.

The social features of the entertainment will all be of a most enjoyable nature; and the souvenirs and badges of a unique and handsome character.

There will be a large corps of assistants for handling everything in the way of information, etc., so that the visitors will be well taken care of, and their interests looked after during their sojourn in Los Angeles.

IDENTIFICATION BADGES AND BAGGAGE TAGS.

That the visiting members of the American Bankers Association may receive some attention even before they reach the City of Los Angeles, it is planned to secure the co-operation of bankers of Riverside, San Bernardino, Redlands, Colton, Bakersfield, and Santa Barbara, with representatives of the local committees, to meet the trains passing through their respective cities.

To the end that visiting bankers may be known on sight, it is suggested to forward to the home address of each banker having hotel reservations, a plain badge for identification, also tags to identify all baggage carrying name and Los Angeles hotel address, whether checked or hand baggage, with a request that the badges be pinned on before reaching the outlying cities named, and that the tags be affixed to the baggage, the latter to insure the delivery of all baggage with the least possible delay.

MAIL AND TELEGRAMS.

The General Committee on Arrangements at Los Angeles has arranged with the postmaster to have hourly deliveries of mail which will be distributed from a Members' Post Office at Information Headquarters in the rotunda of the Alexandria Hotel. This applies to all mail sent care of the American Bankers Association. Telegrams sent in care of the Association will also be delivered at once through Information Headquarters. This is an important detail and will be appreciated by all those attending the convention.

PROPOSED AMENDMENTS TO CONSTITUTION.

(*Notice to members in pursuance of Article X, Section I of the Constitution.*)
COMMITTEES.

To the Chairman and Members of the Executive Council of the American Bankers Association.
Gentlemen:

The undersigned Committee appointed by the Council to consider proposed amendments to the Constitution of the Association, respectfully report: That they have considered the subjects referred to them and recommend that Article IV of the Constitution be amended by striking out the entire Article of the present Constitution and inserting in lieu thereof, the draft of Article IV, as herewith submitted.

(Signed) R. E. JAMES,
WILLIAM GEORGE,
JNO. M. MILLER, JR.
Committee.

Atlantic City, New Jersey,
May Fourth, 1910.

At a meeting of the Executive Council, May, 4, 1910, at Atlantic City, it was resolved that the proposed amendments covered by above report and set forth below be recommended to the next annual convention for adoption.

ARTICLE IV.

Section 1. The President, the First Vice-President and the Chairman of the Executive Council shall immediately after their election to their respective offices, appoint the following committees, to wit: A Protective Committee, consisting of three members of the Association, whose names shall not be made public; a Law Committee, consisting of five members of the Association, of which the General Counsel of the Association shall ex-officio be one, and a Federal Legislative Committee, consisting of five members of the Association. Such Committee membership shall continue from the time of appointment until the adjournment of the Annual Convention of the Association, then next ensuing after such appointment, and until their successors are appointed.

There shall be an Administrative Committee which shall consist of the President of the Association, the Chairman of the Executive Council and the First Vice-President of the Association.

Section 2. The Protective Committee shall control all action looking to the detection, prosecution and punishment of persons attempting to cause or causing loss by crime to any member of the Association. The said Committee when called upon for aid by any member of the Association, through the General Secretary, shall forthwith take such steps as it shall deem proper to arrest and prosecute the party charged with the crime, PROVIDED, HOWEVER, that no expense or liability shall be incurred beyond the amount of funds in the Treasury, especially appropriated for that purpose.

(a) The said Committee or a member of the American Bankers Association is prohibited from compromising or compounding with parties charged with crime, or with their agents or attorneys, a case once committed to the Association which results in the apprehension of the criminal.

(b) All members of the Association when called upon by the General Secretary in behalf of the Protective Committee for information or aid, shall promptly respond by giving all assistance in their power, and all members shall at all times notify the General Secretary, who shall promptly notify the

Committee of any attempted or accomplished crime reported to him, as likely to affect other members of the Association.

Section 3. The Law Committee shall have in charge the consideration of Statutes National and State affecting the powers, privileges and duties of the members of the Association, also the subjects of uniformity of laws and commercial usage, and may for such purposes, as occasion may arise, recommend to the Executive Council and the General Association, drafts of proposed Statutes for their approval, and upon such dual approval shall urge the enactment of such approved drafts through the State Organizations as to State Legislation, and through the Federal Legislative Committee as to National Legislation, and shall perform such other duties as may be imposed upon it from time to time by the Executive Council or the Annual Convention. The Committee shall submit a report in writing to the Executive Council at its meetings, and shall annually submit a report in writing to the General Association in Convention assembled.

Section 4. The Federal Legislative Committee shall receive in charge all resolutions adopted by the Annual Convention, declaring in favor of, or in opposition to National Legislation upon any subject, and shall by petition, memorial, or other proper action further the purposes declared for in such resolutions, and in case of legislative emergency arising between Annual Conventions, whereby serious and harmful results to the welfare generally of the Association membership might result from delay, the Committee shall perform similar services as to resolutions of similar character adopted by the Executive Council at its sessions, or by the Administrative Committee in the interim between sessions of the Executive Council. The Federal Legislative Committee shall take notice of any Congressional action, affecting the interests of the membership of the Association, and when deemed necessary report the same to the Executive Council, and shall make a general report to the Annual Convention.

Section 5. The Administrative Committee shall perform all necessary routine duties of administration enjoined upon the Executive Council between meetings of the Executive Council, and which duties may not be otherwise especially provided for by the Executive Council; also all duties of administration imposed upon it by the Executive Council, subject to the rules and directions of the Executive Council. The said Committee shall report a memorandum of all its proceedings to each meeting of the Executive Council.

The Administrative Committee shall, subject to the control of the Executive Council, have general supervision over all Committees, either such as may be created under this Constitution, or by resolution of the General Association, or by Act of the Executive Council, or by any Section of the Association for the purpose of securing harmonious action and preventing conflicts in jurisdiction. The decision of the Administrative Committee upon any such question shall be final, unless, and until, reversed by the Executive Council at its next meeting. All Committees under the supervisory control of the Administrative Com-

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mittee shall upon request of the Administrative Committee report any action undertaken to the Administrative Committee.

Section 6. (1). Committees created by any Annual Convention for any purpose of the pending work of the Convention, shall report during the Session of the Convention. Such Committees shall be appointed by the President, and shall expire upon report made, and in the absence of report, at the adjournment of the Convention. Nothing herein contained shall be construed to impair or defeat the right to create Committees by naming the membership in resolution creating the same.

(2). Special Committees created by the Annual Convention, to whom may be referred any subject for consideration during the interim between Conventions, shall be appointed by the President, The First Vice-President and the Chairman of the Executive Council. They shall make report in writing to the Executive Council and to the succeeding Annual Convention; unless otherwise directed by the Convention, and the Committee shall expire with the adjournment of such succeeding Annual Convention, PROVIDED, that upon report at such succeeding Annual Convention, such Committee may by resolution be continued for a similar period. The membership of such continued Committees shall be subject to change in part or in whole at any such continuance by the appointing power as aforesaid.

(3). The President, the First Vice-President and the Chairman of the Executive Council may fill all vacancies existing in any Standing Committee, provided for by the Constitution, or in any Special Committee authorized to act in the interim between Annual Conventions.

STATE SECRETARIES' SECTION.

Submitted by L. P. Hillyer, Macon, Ga., Vice-President American National Bank.

Amendment to Article IX, Section 1, of the Constitution of the American Bankers Association:

"A State Secretaries' Section which shall be composed of the Secretaries who are members of the Organization of Secretaries of State Bankers' Associations; the work of this Section to embrace all matters relating to State Bankers' Associations."

The above to be designated as paragraph (d) and to immediately follow paragraph (c).

Paragraph (d) of Section 1 to be known as paragraph (e).

Amendment to Article II, Section 2, of the

Constitution of the American Bankers Association: "After 'or a private banker' and 'or a member of the State Secretaries' Section.'"

Amendment to Article III, Section 2, first paragraph of (c) of the Constitution of the American Bankers Association.

Omit the word "and" and immediately preceding and add the following, after "the Chairman of the Executive Council of the American Institute of Banking."

"And the President of the organization of Secretaries of State Bankers' Associations, known as the State Secretaries' Section."

VOUCHERS.

Submitted by the General Secretary, on the Approval of the General Counsel.

In place of Sections 12 and 13 of Article III, substitute the following as Section 12, and change the numbering of Section 14 to "13":

Section 12. The treasurer shall receive and account for all moneys belonging to the Association and collect dues; but shall pay out moneys only upon vouchers countersigned and approved by the General Secretary and by the President or First Vice-President or by the Chairman of the Executive Council and, in case of vouchers for expenses incurred by a committee or a section, only when additionally approved by the Chairman of such Committee or the President, Vice-President or Chairman of the Executive Committee of such Section and not exceeding the appropriation set apart for the use of such committee or section.

Note: This proposed amendment makes no change in the present section 12, but amends and adds to it what is now section 13. The changes and reasons therefor are these:

(1) As both of the present sections, 12 and 13, relate to payment of vouchers by the treasurer, it is more appropriate that they be included in one section.

(2) The present section 13 only covers approval of committee vouchers by committee chairmen and is silent as to approval of section vouchers; the proposed amendment includes the latter.

(3) The present section 13 only relates to vouchers for "detective and legal expenses and costs" incurred by the protective and other committees. As the quoted words have application chiefly to the Protective Committee and as the principal expenses of other committees and of sections are not incurred for detectives or for legal expenses or for legal costs, the general word "expenses" has been substituted and in place of the words "incurred by the Protective Committee and other committees" there has been substituted "incurred by a committee or a section."

TRUST COMPANY SECTION.

Membership in the Section now numbers 1,065, the largest number of members in the history of the Section and the largest net gain for any year since 1906. It is felt that one influence in bringing about this increased membership has been the recent publications of the Section, the books of "Trust Company Laws" and "Forms for Trust Companies." Both of these publications have been very favorably received by members and the financial press, and have done much to increase among trust companies throughout the country, knowledge of the Section and its work in the interest of its members.

Attention is called to the program of the coming convention, which appears on another page of this issue. Particular attention is called to the "topics for discussion," and it is hoped that members in

attendance will generally take part in that part of the program. It is believed this meeting will be very largely attended by trust company officials and indications point to a successful and enthusiastic gathering.

The meeting will be held in the Auditorium Theatre, which is within a block or two of the Hotel Alexandria, where headquarters will be established. A registry room for the Trust Company Section has been arranged for, in connection with the temporary offices for the Association.

Delegates are requested, after registering at the main office and receiving their credentials and official enameled pin, to also register at the Trust Company Section, and receive the Section badge to be worn with the official pin.

SAVINGS BANK SECTION.

The membership of the Section is at present 1,772 as against 1,636 members on the 1st of September of last year.

The press reports daily that some progress is being made in the attempt to put the Postal Savings Bank Bill into practical effect; only experienced savings bank officers can realize the many difficulties that will be encountered in the way of the multitude of routine matters to be arranged and we believe that the last reported decision of the Post Office Department to open one Postal Depository in each state, so as to give a chance to the officials to try out the system, is a wise one. We have also seen it stated that the Post Office authorities are likely to adapt some other device in lieu of the passbook which is used by the savings banks to record the deposits and withdrawals, Section 5 of the Bill giving the Postmaster General the power to do so, when approved by the Board of Trustees. There can be no question that a proper scheme or device is extremely desirable to take the place of such passbooks as are mentioned in the Bill, viz.: "a passbook free of cost upon which shall be written the name and signature or mark of the depositor and such other memoranda as may be necessary for purposes of identification." A savings bank officer will at once perceive the danger of this, as it would supply the wrong holder with such information, signature, etc., as would enable him easily to make withdrawals by representing himself to be the true owner of the book.

The complete program of the meeting of the Savings Bank Section in Los Angeles will be found in another part of the Journal. Of course, the matter of segregation of savings deposits will this year be one of the leading questions for discussion, and it is to be hoped that a strong committee, representative of all the different interests involved, will be named at the general convention to examine carefully and report on this important subject, which is now being discussed in many states for purposes of legislation. The school savings bank system founded in this

country by Mr. Thiry of Long Island City, N. Y., will be explained and discussed by Mr. Hawley, of Minneapolis; there can be no question as to the usefulness of this early training of the mind to habits of savings and thrift. The Building and Loan Associations in the United States, who have now over Eight hundred million dollars (\$800,000,000) of savings in their care and stand side by side with the savings banks in their good work, will also form the subject of an address by Mr. McKay, the President of the National Association. The matters of the mortization and the future of bonds suitable for savings banks will be ably handled by experts in these lines, and last—but not least—the program committee have succeeded in inducing the Rev. Robert J. Burdette—the genial "Bob Burdette" known and loved by us all—to say a few words to our delegates on "Thrift." In a personal letter of acceptance to our President he says that he thinks he can ably discourse on that subject, being somewhat of a thrifless man himself. Mr. Burdette is now Pastor Emeritus of a Los Angeles Church, and lives in Pasadena.

Members of our Section are particularly requested to file their nominations for office with the Nominating Committee, to be appointed by the Chair; please come to the convention ready to nominate such delegates as you think will most ably and worthily represent the Section; the general order of our convention will be as follows:

Monday, the 3d of October—Meeting of Executive Committee of the Savings Bank Section.

Thursday, the 6th of October—Meeting of the Section in conversation.

The officers of the Section earnestly invite all savings institutions to send a delegate to represent them.

Our meeting will open promptly at 10 A. M., at Berean Hall, in the Auditorium. Our members, after registering officially with the General Secretary, will please register at our Secretary's office, and receive the distinctive savings badge.

CLEARING HOUSE SECTION.

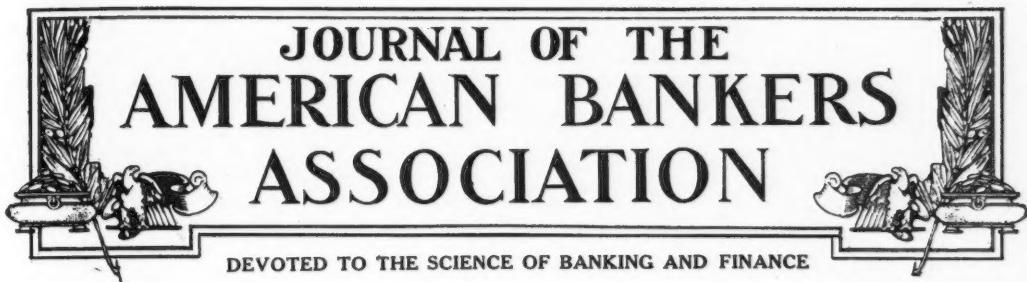
Advice has just been received of the death of Isaac G. Lombard, a distinguished citizen and banker of Chicago, who died at his summer home at Ostererville, Mass., at the age of seventy-five years. At the time of his death Mr. Lombard was a director and a member of the Finance Committee of the Corn Exchange National Bank of Chicago. He was the pioneer in the work of this Section in which he was much interested, while in active life.

The Section was originally known as the Conference of Clearing Houses of the United States, being first called together at the instance of the Michigan Bankers' Association, in Cleveland, September 6th, 1899. The resolution which brought about this action was passed at a convention of the Michigan Bankers' Association held at Port Huron, July 14th and 15th, 1899. This convention was attended by Mr. Lombard, who took an active part in the discussion. At the first conference in Cleveland, which was very largely attended, Mr. Lombard was called to preside temporarily, but before adjourning, a permanent organization was effected, and he was selected as Chairman of the Conference permanently, which position he held for a number of years. Mr. Lombard was a man much loved and respected by all who knew him;

always courteous, and a man with a large heart.

At this time it would also be pertinent to remember Frederick W. Hayes of Detroit, Michigan, recently deceased. Mr. Hayes was one of the prime movers in the organization of the Conference of Clearing Houses and was instrumental in bringing about the early action which resulted in the conference. For many years Mr. Hayes was Chairman of its Executive Committee, and did very effective work. His active interest continued until he retired from the banking business. At the time of his retirement and during his incumbency in the Clearing House Conference, he was President of the Preston National Bank of Detroit; was one of the best-known bankers in Michigan, having been trained from boyhood in all of its branches. He was active in the affairs of the American Bankers' Association; was at one time a member of its Executive Council, Chairman of the First Committee on Express Companies and Money Orders, and his father, J. D. Hayes of Detroit, was the first Secretary of the American Bankers Association.

Commencing with the organization, and under Messrs. Lombard and Hayes, Fred. E. Farnsworth was Secretary of the Conference during its life, and has been Secretary of the Section since its organization.



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General Secretary American Bankers Association

THOMAS B. PATON, EDITOR

General Counsel American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR

THE NATIONAL BANKRUPTCY LAW.

At its last session, Congress amended the National Bankruptcy Law in a number of important particulars, information as to which may be of interest to many of our members. The amendatory Act was passed June 25th, 1910.

The most important amendment is that which regulates the compensation of receivers and trustees. Heretofore, owing to the unlimited discretion which the courts have had as to the allowances to which receivers and trustees were entitled, there were many cases where excessive compensation was allowed and an undue reduction of the resources of the bankrupt's estate to the detriment of the rights of creditors. The amendments reduce the compensation to a basis of commissions which are graduated according to amounts involved and calculated upon the actual cash realized in the sale of the assets; the courts still have discretion as to fixing a less amount of compensation, but cannot go beyond the maximum prescribed by the statute.

Another amendment permits the voluntary bankruptcy of corporations which under the former law was prohibited. Under the statute as amended "any person, except a municipal, railroad, insurance or banking corporation shall be entitled to the benefits of this Act as a voluntary bankrupt." Concerning who may be adjudged involuntary bankrupts the Act provides: "Any natural person, except a wage-earner or a person engaged chiefly in farming or the tillage of the soil, any unincorporated company, and any moneyed, business, or commercial corporation, except a municipal, railroad, insurance, or banking cor-

poration, owing debts to the amount of one thousand dollars or over, may be adjudged an involuntary bankrupt upon default or an impartial trial, and shall be subject to the provisions and entitled to the benefits of this Act. The bankruptcy of a corporation shall not release its officers, directors, or stockholders, as such, from any liability under the laws of a State or Territory or of the United States." As to partnerships the Act provides: "A partnership, during the continuation of the partnership business, or after its dissolution and before the final settlement thereof, may be adjudged a bankrupt," but this last stated provision has not been amended and stands the same as in the former law.

Further amendments permit compositions with creditors before adjudication, which will enable the debtor to avoid the stigma of being a bankrupt, the Act at the same time placing the composition under the control of the court which will prevent a few creditors getting special advantages by obstinately holding out.

Further amendments permit a trustee in bankruptcy to oppose the discharge of the bankrupt at the expense of the estate, when this action is taken by vote of the creditors. The effect of this will be to distribute the expense of such opposition among all the creditors instead of a single creditor, as heretofore, being compelled to oppose the bankrupt's discharge at his own expense. The new amendments also make more clear the matter of preferences, especially where such preferences consist of instruments which must be recorded or registered.

These various amendments will tend to establish

the National Bankruptcy Law as a permanent and uniform system throughout the United States and they are largely due to the efforts of the National Association of Credit Men whose members and committees have labored unceasingly to improve the law in these needed particulars. The editor of the Journal has received from that Association a pamphlet copy of the law including the amendments of 1910 with an introduction setting forth the general principles upon which the law is based and explanation of the results sought to be attained by such amendments. These pamphlets are published by the National Association of Credit Men, 41 Park Row, New York, and can be procured by anyone who desires a copy of the law at a price of fifty cents each, which about covers the cost of production. The pamphlet should prove a handy book of reference in the libraries of many bankers who, as creditors of bankrupts, may have frequent occasion to consult the law.

PROPOSED AMENDMENT OF THE CONSTITUTION AS TO COMMITTEES.

Notice is published elsewhere of certain proposed amendments to the Constitution relating to Committees, prepared by a special committee appointed for the purpose and, by vote at the last meeting of the Executive Council, recommended to the forthcoming Convention.

The amendments consist of a substituted Article IV. of the Constitution. The present Article IV. relates solely to the Standing Protective Committee. There being other important committees of the Association, the special committee deemed it wise that the Constitution should provide also for the creation and duration of such other committees and generally define their powers and functions. Accordingly the proposed Article IV. provides for the appointment, in addition to a protective committee (all the provisions of the present Article IV. relating to such committee being retained) of a law committee, a federal legislative committee and an administrative committee, and also regulates the appointment and term of existence of special committees created by any annual convention.

PROPOSED STATE SECRETARIES' SECTION.

During the Chicago convention in 1909, and towards its close there was considerable discussion as to the advisability of closer relations between the various State Associations and the American Bankers Association. At the present time there are no official ties. There are forty-six live and progressive State Associations, many of which have paid Secretaries

and permanent offices, and together they form a bulwark of strength behind the National Association, but they have no representation in the Association. When a State Secretary attends a national convention, he is of necessity relegated to the gallery and cannot even sit with his State delegation unless he is an officer or director of a bank.

The Organization of Secretaries of State Bankers' Associations came into existence in 1902; it holds annual meetings at the same time and place as the American Bankers Association, and without doubt, has had more to do with building up State Associations than any other one factor. This Organization should be a Section of the American Bankers Association and should be represented on the Executive Council by the President of the Organization. Amendments with that in view will be presented to the Council and convention at Los Angeles. No better argument can be advanced in favor of this action than the resolutions passed by the Wisconsin Bankers' Association at its Sixteenth Annual Convention, held at La Crosse, August 18th, 1910, which follow:

"Whereas the maintenance of and interest in the American Bankers Association is largely dependent upon the support given that Association by the Secretaries of the various State Associations, and

"Whereas the State Secretaries are more closely in touch with the needs and benefits of such association work, and might very properly be consulted with by the officials of said American Bankers Association, therefore be it

"Resolved by the Wisconsin members of the American Bankers Association: That we favor such action by the Executive Council of that Association as will permit the representation of said Secretaries upon the Council of said Association, and the attendance by the Secretary of each State Association as a delegate to the annual convention of said Association."

AMPLE PROTECTION.

For several months our former detective agency has flooded the banks of the country, particularly the members of the American Bankers Association, with pamphlets, documents, circular and personal letters. The executive officers and the Standing Protective Committee have already made statements of the conditions surrounding this controversy and have not deemed it necessary to further notice the frequent attacks of the former agency, leaving the merits of the case to the good judgment of the membership.

The two principal points brought out by the former agency in importuning our members to take out protection are: first, that they will receive double protection; second, that the former detective agency handles all classes of crime against banks except defalcations, and that our Protective Department does

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not cover all classes of crime. As to the first point: the protection offered our members in the apprehension and conviction of criminals is today better and more effective than it has ever before been in the history of the Association. As to the second point; the former agency is making an absolute misrepresentation. For months before severing relations the former agency was notified verbally and by correspondence that all classes of crime as above enumerated would be handled—that of the amateur as well as of the professional—except petty and local depredations where the culprits were known residents of long standing in the community. It was the policy, however, of our former agency, if possible, to draw the line between amateur and professional criminals.

We again assure our members that the Burns & Sheridan National Detective Agency, which is now engaged in doing our work, is fully equipped with a splendid organization and the best detectives that money can hire in their employ, and with the country completely covered. In addition, the Association also has a fully equipped department, with a department manager, in its own offices; with fifteen years' records of criminals, and a rogues' gallery embodying the pictures of several hundred live criminals.

COUNTER CHECKS—SELLING OF BANK DRAFTS —DEALING WITH STRANGERS—MONEY ORDERS AND TRAVELERS' CHECKS.

Banks should not allow counter checks to be placed on the counters outside of the banking enclosures of the room in which they do business, but make it a point to have same in an officer's or officers' desks, where they can be supplied to persons known to the bank. It is strongly urged that careful consideration be given this matter, for if generally adopted it would be the means of preventing check-raisers and swindlers from securing these counter checks and thus cut off their criminal operations against the banking fraternity to a considerable extent and it would also result in the saving of considerable sums of money which have heretofore been paid out by banks on account of such checks being so accessible. It would also be a most desirable thing if your counter checks were marked across the face by your printer or engraver "Counter Check," for in this way they will be distinctive by virtue of the fact that they would show at a glance that they are for use only over the counter.

The issuing of bank drafts by banks to strangers, who may wish to purchase same, is indeed a dangerous practice, and, while it is true banks are in business to make all the exchange they can, thereby swelling the exchange account, yet it is a fact that the bankers of the country have always from time to time suffered considerable loss as a result of this feature of the business done by them. Ofttimes a

stranger appears and wishes to buy your draft for a small amount, he having been sent in some cases by a second or third party. The draft to be purchased ranges anywhere from \$10 to \$50, as a rule. Many times such drafts are bought with the single purpose in view of being raised to a much larger sum, or that the signature of the bank officer is desired in order that his name might be forged.

Our members' attention is called to the importance of being exceedingly careful in their business relations with all strangers. They should insist on absolute identification or indemnity or both, and if in case of a telegram, it should be verified before money is paid on same. While this method may prove at times to be inconvenient to some, this is a precaution the bankers are entitled to take in an endeavor to protect themselves against loss by possible crime, and incidentally assist in materially cutting off the swindler's chance of depredating upon members.

It has come to our attention on various occasions that bank officers have O. K'd the endorsement of checks presented for payment and such checks at times have not been cashed immediately, but the party presenting same to the officer having secured his O. K. leaves the bank. The check is then raised and later on presented to the paying teller, who pays same and the bank therefore suffers a loss. It is respectfully suggested that when a bank officer O. K.'s a check he should at once see that the person presenting same cashes it at the paying teller's window or send an employee along to see that it is done.

Don't place your blank checks on the counter, but have them marked "Counter Check" and distribute same through your officers (or paying teller if more convenient) as called for, to people you know.

Don't sell your bank drafts to strangers under any circumstances. You had better lose the little exchange charge than to possibly have some fellow banker cash one of your raised drafts. You might be the victim at any time, so let all bankers co-operate in this matter.

Don't fail to make a memorandum of these most important matters, and we trust that if the suggestions made are not being carried out by you at the present time, you will give instructions that the same be executed at once.

If you must do business with strangers why not sell them the American Bankers Association form of Money Order issued and guaranteed by the American Surety Company, 100 Broadway, New York City, or the American Bankers Association form of Travelers' Check issued by the Bankers Trust Company, 7 Wall street, New York City, which is payable in all parts of the world. In so doing you will assist in curtailing crime, for these orders and checks are carefully prepared on the very best paper and the amounts being engraved thereon, the probability of misuse is indeed very remote. In addition, you will by the sale of the orders and checks be co-operating in a good cause advocated by the Association, thereby securing an enormous amount of exchange which rightfully belongs to the bankers of the country.

For the purpose of giving a practical illustration, we reproduce on the following page two forms of counter checks; one a plain form, the other a most excellent device with every safeguard thrown around the issuing bank.

FOR COUNTER USE ONLY

TO BE USED ONLY
AT THE COUNTER OF
THE ONE HUNDREDTH
NAT'L BANK BY THE
DRAWER HIMSELF ONLY.

NEW YORK, N.Y. 191

ONE HUNDREDTH NAT'L BANK

NOT NEGOTIABLE \$ _____
DOLLARS



THE DAILY SAVINGS BANK

New York, N.Y.

No

190

COUNTER CHECK

Dollars.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

BURGLARY POLICIES.

Inquiries are being received from members as to whether the Association has a standard form of Bank Burglary Policy. The status of the matter is this: General Counsel has prepared a tentative draft of a form of Bank Burglary and Robbery Policy and copies of this draft are now in the hands of the Committee on Fidelity Bonds and Burglary Insurance. At the next meeting of the Committee the draft will be gone over and thoroughly discussed and will then be taken up with representatives of the different surety companies.

In preparing the draft, General Counsel examined all the Bank Burglary policies now in use, incorporated what, in his judgment, were their best features, made certain additions, changes and omissions designed to increase the protection of the banks insured and certain modifications in the provisions exempting the companies from liability.

Some of the companies are now indorsing upon their policies a statement to the effect that the policy contains "all recommendations of the American Bankers Association." Such statements are, in a way, misleading, as there has been only one recommendation or suggestion heretofore made, namely, that bank burglary policies should contain a night hold-up clause. Two or three years ago a bank in Kentucky was robbed by reason of the cashier being forced, during the nighttime, to open the safe. The surety company took the ground that the policy did not cover this kind of loss, as the contents of the safe were not taken by use of tools or explosives. When these facts came out it was contended, through the pages of the Journal, that all existing policies were defective, as they did not cover this kind of loss, and as a result some of the companies added to the indemnity clauses in their policy forms the night hold-up feature, while others have insured against this kind of loss by the attachment of a rider. As the above has been the only recommendation thus far made and as other recommendations or suggestions have been held in abeyance pending the completion of a standard form to be recommended by the Association, it is perhaps going a little too far for some of the companies to state that their policies contain "all recommendations" of this Association, from which it might be inferred that the Association had recommended everything it thought necessary to be contained in a burglary policy and that the policy was entirely satisfactory to the Association.

FIDELITY BONDS.

In the August Journal at page 75, was published a list of companies which write the American Bankers Association form of Fidelity Bond. From this

list was omitted, through an oversight, the Fidelity and Casualty Company of New York. Bankers should add the name of this company to make the list complete and at the same time eliminate from the list the name of the Virginia Trust Company of Richmond. This company was originally licensed to write the A. B. A. form of bond and have been retained on our list, but recent advices from them are to the effect that they only do a local and limited business and do not now write the Association's bond.

In renewing fidelity bonds many companies provide a form of certificate to be signed by an authorized official of the bank certifying, in substance, that the employees whose bonds are renewed have always faithfully accounted for all money and property in their custody or control, that their accounts have been examined and found correct in every respect and that such employees are not now in default. General Counsel would advise members not to execute such certificates for the reason that if there should have been any undiscovered defalcations during the original term of the bond, the courts would be likely to hold that the certificate constituted a false representation of a material fact in reliance upon which the renewal was issued and that consequently such renewal bond was null and void. There are some companies who renew bonds without calling for any new information from the bank concerning the officer or clerk bonded and if some of the companies can do this, they all should. General Counsel will, upon request, furnish to any member the names of those companies which renew fidelity bonds without requiring a certificate such as above outlined.

ACTION ON BILLS OF LADING IN WASHINGTON.

At the recent convention of the Washington State Bankers Association, the Committee on Bills of Lading and Uniform Warehouse Receipts Act, of which Mr. P. C. Kauffman, of Tacoma, is Chairman, made a report in which the progress of the work of the Committee on Bills of Lading of the American Bankers Association was detailed and the attempts heretofore made and the necessity for the enactment of the Uniform Warehouse Receipts Act in Washington were stated. The following resolution on Bills of Lading was unanimously voted at the convention:

Resolved, That the Washington Bankers' Association hereby reaffirms the resolution adopted at the Tri-State Convention in Seattle, June, 1909, as follows:

Whereas, Many of the Boards of Trade and commercial bodies throughout the country have adopted resolutions providing that hereafter no drafts be paid by their members when the Bill of Lading attached thereto shall have been issued by the carrier without the following safeguards:

"1. Every Bill of Lading must in addition to the signature bear also the official stamp of the authorized agent, such stamp giving date of signature.

"2. All writing on said Bill of Lading must be in ink, or indelible pencil, and the quantity received for must be written in full in addition to the numeral."

And Whereas, It is evident that the adoption of these safeguards will operate to the advantage of all, including the carriers, and very largely tend to avoid future losses through forgery and alteration;

Therefore, be it Resolved, That the Washington Bankers' Association heartily endorses the action taken by the mercantile organizations above referred to, and recommends that its members hereafter only take for cash, or direct collection, Bills of Lading Drafts, when the Bills of Lading attached conform to these resolutions.

Resolved Further, That the Washington Bankers' Association heartily congratulates the Bills of Lading Committee of the American Bankers Association for the success that has crowned their years of patient and unremitting labor, in the almost unanimous passage last May by the House of Representatives at Washington, D. C., of the Act known as the "Stevens Act," to safeguard Bills of Lading issued for interstate commerce;

And Further, That we earnestly request our United States Senators to do all in their power to secure the passage of the same bill by the Senate, at the coming Congressional session.

FAVORABLE LAW ON BILLS OF LADING IN GEORGIA.

A recent decision by the Court of Appeals of Georgia (Louisville & N. R. Co. v. Pferdmenges, Freyer & Co., 68 S. E. 617) indicates that Georgia can be added to the list of States which hold that carriers are estopped to deny the truth of the recitals in their bills of lading as to receipt of goods, as against bona fide purchasers for value. In the case in question, a shipper's order notify bill reciting that the railroad had received 100 bales of cotton was attached to a draft for the value of the 100 bales drawn on Pferdmenges, Freyer & Co., of Savannah. Before the cotton was received at Savannah the firm paid the draft, secured the bill of lading and, when the cotton arrived, demanded of the railroad company the 100 bales, but received only 96 bales. Suit was brought for the 4 bales and the railroad filed a plea seeking to contradict the recitals contained in the bill of lading as to the number of bales of cotton that had been delivered to the railroad. The plea was stricken, because it was an effort to contradict a bill of lading in the hands of a bona fide transferee for value. The railroad company took a writ of error to the Court of Appeals, but the judgment was affirmed. That court said:

"The plea seeking to contradict the bill of lading as to the number of bales of cotton that had been delivered to the railroad company was properly stricken. The plaintiffs were the assignees or transferees for value of this bill of lading, and had the right to sue on it. While a bill of lading is in some sense a receipt and open to dispute between the parties, yet, when it is intended for negotiation, its recitals, in the hands of a bona fide transferee for value, operate as estoppels against the carrier. The bill of lading in this case was issued by the railroad company, with the intent that it should be negotiated. The purchasers of the cotton bought on the faith of the declaration of the railroad company that it had received 100 bales of cotton. If this statement was not true, the company might have

some remedy against the shipper; but this does not relieve it from liability to the assignees of the bill of lading. It is a universal rule that carriers cannot contradict the recitals contained in their bills of lading as to the delivery of the goods, or their description, quantity, or condition, as against the rights of bona fide transferees for value."

Unfortunately the rule is not, as is stated above, universal that carriers cannot contradict the recitals contained in their bills of lading in the hands of bona fide holders—the universality of such rule is one of the main things that the Committee on Bills of Lading of this Association have been contending for during the last few years—but the decision of the Georgia court comes as a welcome addition to those cases wherein such rule is recognized and applied.

THE NEGOTIABLE INSTRUMENTS LAW AND COLLATERAL NOTES.

The Uniform Negotiable Instruments Act which is, at the present day, the law in thirty-eight States and jurisdictions of this country, provides the main rules by which the negotiability of bills, notes and checks are determined and for any case not provided in the act it declares that "the rules of the law merchant shall govern." Prior to that act promissory notes coupled, for example, with provisions for payment of attorneys' fees, or for payment of exchange, or stipulating for periodical interest payments before maturity of the principal with a provision that upon default in payment of any instalment of interest the whole note, principal and interest, should become due, were variously held negotiable or non-negotiable in different States, according to the conflicting views of the State judiciary as to whether or not the note contained the necessary element of certainty as to amount or time of payment. The Negotiable Instruments Law cleared up all this conflict by expressly declaring that such provisions did not affect the negotiability of the notes containing them.

It is to be regretted that the provisions of the Negotiable Instruments Law do not go further and declare specifically as to the negotiability of certain provisions commonly found in collateral notes which, under the earlier decisions, were held to render the instrument non-negotiable but which, in view of modern custom and understanding and the broader view of negotiability which underlies the Negotiable Instruments Law, should at the present day be held not to affect the negotiability of such notes. True, the act provides that negotiability is not affected by a provision which "authorizes the sale of collateral securities in case the instrument be not paid at maturity" but this provision does not go far enough and there are other provisions in collateral notes as to which uncertainty in their effect on negotiability still exists.

An instance of this is the agreement, commonly found in such notes, giving the holder the right to call for additional collateral whenever the securities pledged depreciate in value and upon non-compliance with such demand, making the whole note immediately become due. Such provisions were held by a number of the earlier cases to destroy negotiability, and yet, under the modern idea, there is no more

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reason why such a provision should affect negotiability than a provision that upon default in payment of interest, the whole of the principal shall immediately mature. In the latter case the act expressly provides negotiability, while in the former it is silent; except in the State of Wisconsin, where the uniform provisions of the act have been deviated from by a provision that the instrument is negotiable where expressed to be payable "at a fixed period after date or sight, though payable before then on a contingency" and by amending the provision of the uniform act that "an instrument payable on a contingency is not negotiable and the happening of the event does not cure the defect" by adding "except as herein provided."

The result of all this is to leave it uncertain at the present day whether collateral notes containing clauses of the character above referred to are, or are not, generally speaking, negotiable, an uncertainty which should be removed, for while, ordinarily, collateral notes are contracts which have their chief use directly between maker and bank, there are cases where (1) the additional security of an indorser is required and it is desirable to know whether his contract is or is not that of an indorser of a negotiable instrument, and (2) where the payee bank desires to rediscount a time collateral note and negotiability of

the instrument, with recourse upon the maker free from equities, would be necessary to the transferee's security.

The Negotiable Instruments Law has already been variously amended in the different States by supplying omissions or making changes, the need for which has been felt locally, and there is danger that, with too much amendment, the valuable principle of uniformity will be destroyed or seriously impaired, yet experience has shown that the act is inadequate or defective and susceptible of beneficial amendment in a number of particulars, apart from that above specified, which need not be here detailed.

After serious reflection it has seemed to General Counsel that the proper procedure would be to draft a separate enactment which would contain all suggested necessary amendments to the Negotiable Instruments Law, submit this draft to the annual Conference of Commissioners on Uniform State Laws a year hence (it cannot be done this year) and after full discussion obtain the approval and recommendation of that body to the proposed changes. With such indorsement, there would be no reason why every State Legislature should not enact all the necessary amendments and thus while providing increased adequacy, preserve at the same time the great benefit of uniformity in the law of negotiable instruments.

BILLS OF LADING.

In the last issue of the Journal we published the full agreement between bankers and railroad officials regarding the validation of through order notify bills for export cotton.

This agreement has been adopted by all the railroads in Southeastern territory and is now in process of being voted on by the Southwestern lines. The agreement goes into effect on September first, or before this issue of the Journal will reach our readers. At the date of this writing, all the Southeastern roads have the validation certificates ready, together with the other requisites called for by the agreement, and will start therewith on the first of September. The sub-committee have issued a letter to exchange buying bankers urging that, after September first, only validated cotton bills be purchased. In the following article, we refer to this letter and publish fac-similes of forms of one of the Southwestern cotton carrying railroads.

The agreement with the railroads for the issue of validation certificates was reached on July 19th, two days before the passage of the resolution by the leading foreign banking houses (text of which was published in the last Journal) to the effect that such banks would decline from October 31st to accept against bills of lading for cotton unless the bills were guaranteed both as to signature and possession of the cotton. Prior to advice of this resolution, the sub-Committee of the Committee on Bills of Lading of this Association had been arranging for a conference with the London bankers, but upon receipt of such resolution the following cablegram, signed by the full sub-Committee, was forwarded to Liverpool:

"In view of the resolution conveyed in your letter of July 23d to our exchange buying bank-

ers our committee deem it unnecessary to send a deputation to London because the terms of that resolution are unacceptable. The responsible bankers represented on our committee and others must decline to give the guarantee required."

In view of later developments and of the fact that the resolution of the foreign bankers was adopted at a time when such bankers were unaware of the steps taken which resulted in the validation agreement, it is doubtful if the position taken by that resolution will be adhered to. Recently a long letter was forwarded to the Secretary of the Foreign Committee at Liverpool in which the New York sub-Committee gave a brief history of the various moves which have been made in this country during the last four years for the purpose of giving better protection to those called upon to make advances upon bills of lading, explained the negotiations resulting in the adoption of the validation agreement, how bills would be protected under such an agreement, showed that sound principles of banking made it impossible for American banks to guarantee bills of lading, that these principles are fully recognized by foreign bankers who have consistently refused such guarantees upon bills of lading representing imports to this country, and finally expressed the desire for mutual co-operation and suggested a conference in New York. This letter has been acknowledged and will be considered by the foreign bankers at a meeting to be held September 2d.

On August third the Committee on Bills of Lading of this Association held an all day session at the Association headquarters in New York, at which all the members were present together with several members of the sub-Committee, the President of the

Association and the General Counsel; the entire situation was gone over and the acts of the sub-Committee in the negotiation of the validation agreement as well as in the position taken with reference to foreign bankers, were approved and confirmed. By further resolution the sincere thanks of the Committee were tendered the sub-Committee for their work on foreign bills and such sub-Committee were empowered, at their discretion, to continue further negotiations with regard to such bills and also to extend their efforts for the better protection of domestic bills of lading.

The above, in briefest outline, gives the progressive steps in the bills of lading situation since the adjournment of Congress to the present time. These steps have had to do with safeguarding the bill of lading itself, apart from legislation, and one of the most gratifying features attendant upon the negotiations has been the helpful attitude of the railroad officials who, appreciating the situation, have cordially co-operated in establishing a system under which cotton export bills will become far more valuable documents as instruments of credit and who, it is hoped, will gradually extend the system to cover all domestic order bills.

Validated Export Cotton Bills of Lading.

The sub-Committee of the Committee on Bills of Lading of the American Bankers Association who have had in charge the negotiations with the railroads for the issue of validated cotton bills, are receiving from the different railroads the forms of bills of lading and other documents that have been adopted and will be put into effect on and after the first of September. The sub-Committee have issued a letter

to the exchange buying bankers explaining what has been accomplished by way of agreement with the railroads and also the interchange of views with foreign bankers and the letter asks that such exchange buying bankers request their exchange brokers to communicate to their correspondents throughout the South that the railroads generally have agreed to issue validation certificates and that on and after September 1st that they require such certificates on all cotton bills that they purchase.

The sub-Committee urge that all members of the Association who buy cotton bills should insist on all purchased bills having validation certificates attached and should take no other. They believe that after the validation system has been put in operation and is understood by foreign buyers its value will be fully recognized. It is therefore of the utmost importance that all buyers of cotton bills on this side of the water should aid in establishing the system by refusing to finance cotton bills not so safeguarded.

That our members may be able to readily recognize the forms used in connection with the validation of cotton bills we are reproducing, in fac-simile, the forms issued by one of the Southwestern railroads, namely, the St. Louis Southwestern Railway Company. These consist of

1. Validation certificate;
2. Export cotton bill of lading—Original. This is printed on yellow paper and the face only is reproduced, omitting the conditions on the back;
3. Copy of export cotton bill of lading. This is on blue paper, conditions on the back being likewise omitted;
4. Circular of instructions issued by the accounting department of the railroad.

Form 3130

BILL OF LADING SIGNATURE CERTIFICATE No. 5



St. Louis Southwestern Railway Co.

Hereby Certifies: That

is its regularly appointed Agent at _____
and as such is authorized to sign Bills of Lading in accordance with the regulations of
this Company, and that the signature on the attached order notify bill of lading

No. _____ dated _____ covering _____

PLACE OF ISSUE

DATE

Bales of Cotton marked _____ is his signature.

STAMP HERE

DATE

X X X



Form 3121.

8-10 2M PS

St. Louis Southwestern Railway Company,

IN CONNECTION WITH OTHER CARRIERS ON THE ROUTE.

EXPORT COTTON BILL OF LADING ORIGINAL.

(Valid only when Bill of Lading Signature Certificate properly executed is attached.)

Export Bill of Lading No.	Lot No.	Contract Numbers)	Bill of Lading Signature Certificate No.
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Issued at this day of 191

Received at From
the following property in apparent good order, except as noted (contents and condition of contents of packages unknown) marked, numbered,
consigned and destined as indicated below:

CONSIGNEE
AND DESTINATION
PARTY TO BE NOTIFIED.....

MARKS AND NUMBERS	ARTICLES
	WEIGHT (Subject to correction.) (*U. S. Law requires Agent Issuing Bill of Lading to write either "Shippers" or "Carriers" before Weight".)

To be carried to the Port (A) of and thence by

to the Port (B) (or so near thereto as steamer may safely get with liberty to call at any port or ports in or out of the customary route) and to be there delivered in like good order and condition as above consigned or to consignee's assigns or to another carrier on the route to destination if consigned beyond said port (B) upon payment immediately on discharge of the property, of the freight

thereon at the rate (INLAND) from to of cents,

and (OCEAN) from to of cents,

United States gold currency per one hundred pounds gross weight and advanced charges (S.) with all other charges and expenses without any allowance or credit or discount; settlement to be made on the basis of 4 shillings, 2 pence, 4.25 marks, 250 francs, Dutch guilder, 3.80 kroner to the dollar. United States gold currency; if in other currency than herein provided for settlement to be made at the rate of \$4.50 to the pound sterling at the current rate of exchange officially quoted on the day the ocean steamer enters the Custom House at its port of discharge, for which banker's short-sight bills on London can be bought; when ocean freight is prepaid \$4.86 United States gold is equivalent to one pound sterling.

In consideration of the rate of freight herein named it is hereby stipulated that the service to be performed hereunder shall be subject to the conditions whether printed or written on the face or back hereof and said conditions are hereby agreed to by the shipper and by him accepted for himself and his assigns as just and reasonable:

IN WITNESS WHEREOF, the Agent signing on behalf of the said ST. LOUIS SOUTHWESTERN RAILWAY CO., and of the said Ocean Steamship Company, or Ocean Steamer and her owner, severally and not jointly, hath affixed to One Bill of Lading of this tenor and date.

Shipper. (On behalf of carriers severally, but not jointly.) Agent.



Form 3122.

8-10 10M PS



St. Louis Southwestern Railway Company,

IN CONNECTION WITH OTHER CARRIERS ON THE ROUTE.

EXPORT COTTON BILL OF LADING—COPY. NOT NEGOTIABLE.

Export Bill }
of Lading No. Lot No. Contract }
Numbers }
Bill of Lading
Signature Certificate No.

Issued at this day of 191.....

Received at From
the following property in apparent good order, except as noted (contents and condition of contents of packages unknown) marked, numbered, consigned and destined as indicated below:

CONSIGNEE }
AND DESTINATION }
PARTY TO BE NOTIFIED

MARKS AND NUMBERS	ARTICLES
	WEIGHT (Subject to correction.) (*U. S. Law requires Agent issuing Bill of Lading to write either "Shippers" or "Carriers" before "Weight".)

To be carried to the Port (A) of and thence by
to the Port (B) (or so near thereto as steamer may safely get with liberty to call at any port or ports in or out of the customary route) and to be there delivered in like good order and condition as above consigned, or to consignee's signs or to another carrier on the route to destination if consigned beyond said port (B) upon payment immediately on discharge of the property, of the freight

thereon at the rate (INLAND) from to of cents,
and (OCEAN) from to of cents,

United States gold currency per one hundred pounds gross weight and advanced charges (8.5) with all other charges and average without any allowance of credit or discount; settlement to be made on the basis of 4 shillings, 2 pence, 4.25 marks, 5.25 francs, 250 Dutch guilders, 3.8 kroner to the dollar, United States gold coin to be paid in full at the rate of \$4.80 to the pound sterling, the current rate of exchange prevailing on the day the ocean steamer enters the Custom House at its port of discharge, for which banker's short sight bills on London can be bought; when ocean freight is prepaid \$4.86 United States gold is equivalent to one pound sterling.

In consideration of the rate of freight herein named it is hereby stipulated that the service to be performed hereunder shall be subject to the conditions whether printed or written on the face or back hereof and said conditions are hereby agreed to by the shipper and by him accepted for himself and his assigns as just and reasonable.

IN WITNESS WHEREOF, the Agent signing on behalf of the said ST. LOUIS SOUTHWESTERN RAILWAY CO., and of the said Ocean Steamship Company, or Ocean Steamer and her owner, severally and not jointly, hath affirmed to One Bill of Lading of this tenor and date.

ATTACH BILL OF LADING SIGNATURE CERTIFICATE HERE.



Shipper.

(On behalf of carriers severally, but not jointly.)

Agent.



St. Louis Southwestern Railway Co.

ACCOUNTING DEPARTMENT

CIRCULAR No. 400

INSTRUCTIONS CONCERNING ISSUANCE OF EXPORT COTTON BILLS-OF-LADING.

St. Louis, Mo., Sept. 1, 1910.

To Agents Authorized to Issue

Export Cotton Bills of Lading:

To meet the requirements of banking interests for greater security in the matter of Export Cotton Bills-of-lading, it has been agreed that effective Sept. 1, 1910, the signature of each agent issuing such bills of lading will be authenticated by a designated representative of this company, other than the agent signing the bill-of-lading. A "Bill-of-lading Signature Certificate," Form 3130, has been adopted, and one of these certificates must be attached to every ORIGINAL export cotton bill-of-lading issued.

The following rules are issued for the guidance of all concerned:

1. Export Cotton Bills-of-lading must be issued only by agents personally, or in the agent's absence, by his authorized representative, who must be regularly bonded. (Each agent will be advised, in due time, the name of the representative of this company who will sign the Bill-of-lading Signature Certificate.)

2. On the date each Bill-of-lading is issued, the agent must forward to the undersigned the duplicate certificate, attached to a non-negotiable copy of the Bill-of-lading. The bill of lading, in addition to its date, number and other essential information, must bear the number of "the Bill-of-lading Signature Certificate," which is issued in connection with it.

3. The agent attaching the certificate to the Bill-of-lading must, in addition to signing and dating the same and keeping a stub record of the number, add the date, the quantity of cotton called for by the Bill-of-lading and certificate, stamp the same, partly on the Bill-of-lading and partly on the certificate, in the spaces provided for that purpose, so that tampering or irregularity will be apparent.

4. Spoiled certificates must be immediately marked "Cancelled" (original and duplicate) and forwarded to the undersigned.

5. Only one ORIGINAL Bill-of-lading must be issued for each shipment. The practice of issuing duplicate and triplicate bills-of-lading must be discontinued, but as many "copies" as are reasonably required may be issued provided they are endorsed "Copy—not negotiable."

6. The number of bales of cotton and the marks must be written in pen and ink in the original bill-of-lading and not inserted with typewriter, or in any other way.

7. There must be no additions, erasures, or changes in bills-of-lading.

8. Export Cotton Bills-of-lading must be issued in serial numbers, beginning with number "1" at each issuing station, on the first of September of each year. All "Copies" of bills-of-lading must bear the same number as the original.

9. A copy of each Bill-of-lading must be forwarded, on the date issued, to the Agent of the Water Carrier at the port of export; in the case of direct shipments, or at the port of trans-shipment in the case of indirect shipments.

10. The shipper must be required to accept the conditions of the bills-of-lading by attaching his signature, or the signature of his authorized representative, to the ORIGINAL and AGENT'S copy.

"Bill-of-lading Signature Certificates," Form 3130, will be furnished to authorized agents in books of 50 each, numerically numbered, and each agent will be charged with and must account for them. The certificates are gummed on the edge and must be SECURELY pasted to the lower left-hand corner of the bill-of-lading, in the space provided or that purpose, after which the office dating stamp must be applied partly on the bill-of-lading and partly on the certificate, in the spaces provided on each document.

Particular attention is called to the fact that but one ORIGINAL must be issued for each shipment and that it is not valid unless accompanied by the certificate duly executed and stamped as directed above. There are two certificates to each stub and the certifying agent must attach one certificate to the ORIGINAL, one to the DUPLICATE forwarded to this office, and retain full record on the stub. The certificates must not be attached to "Copies" of bills-of-lading, except the copy sent to this office.

The ORIGINAL Bill-of-lading, Form 3121, is printed on yellow paper, and the non-negotiable copy, Form 3122, on blue paper. Agents must be careful to use the proper forms in executing "Originals" and furnishing "Copies".

Export Cotton Bills-of-lading and Signature Certificates should be obtained from the Division Freight Agent, Little Rock, Ark., when needed.

S. C. JOHNSON,
General Auditor.

File 3897.

OPINIONS.

Summary of Questions Received and Opinions Rendered to Members of the Association.

DUE DILIGENCE IN PRESENTMENT.

Opinion that under state statute which defines due diligence in making collections, a bank in South Dakota which receives from the payee a check drawn on a bank eighteen miles east and which, instead of forwarding direct to a bank in the drawee's town, mails the check to its Chicago correspondent, exercises due diligence in adopting such method of presentment, although notice of dishonor does not reach the payee until five days after he has delivered the check, and that the payee is responsible as indorser—Bank's telephone message that check is good, upon faith of which payee gives value for check to drawer, does not bind bank.

From South Dakota.—A purchased from B a team of horses, agreeing to pay for same by check. B before delivering horses telephoned C bank, making inquiry as to whether or not A's check was good for \$520, the purchase price of the horses. C bank answered that A's check was good if settlement was made through another party living in the town where C bank was located. The horses were delivered under the strength of the answer made by the C bank, and after delivery was made the check was given to the party delivering the horses, on a bank eighteen miles east of where C bank was located.

C bank accepted the check, giving to B's representative a certificate of deposit. C bank then held the check until the next day, although the transaction took place within the bank at about 2 P. M., and could have been sent to the drawee bank that same afternoon, but was held until the next day and sent to Chicago, the check going through the town where it was made payable and by the Chicago correspondent was returned to the drawee bank town and the same was there protested. Payee of check did not receive notice of non-payment until five days after same was cashed by C bank. There was direct daily mail to city on which check was drawn and another reputable bank in city to which it might have been sent for presentation.

Under this statement of facts, is not C bank liable for the payment of the check?

There has been much conflict among the courts of this country as to what is due diligence in sending a check payable in another place for collection. The older cases all held that, to hold an indorser, it was necessary that the check be forwarded, not later than the day following its receipt, directly to an agent at the place of payment and that the check must be presented for payment by such agent not later than the day following that on which he received it. If this was done and the proper steps taken upon dishonor, the indorser was held. These cases do not sanction alleged banking customs for forwarding checks through intermediary bank correspondents which would delay presentment beyond the time as fixed by such courts. In some States, however, the courts have held that intermediary banks may be employed. Thus, for example, the Supreme Court of Tennessee in *Givan v. Bank of Alexandria*, decided 1899, held that a bank receiving paper for collection payable at a distance, is justified in making use of intermediary banks, according to its usual custom, and is not bound to send direct to an agent at the place of payment, and in Iowa, since the enactment of the Negotiable Instruments Law, the Supreme Court has held (*Plover Sav. Bank v. Moodie, 1906*) that the presentment of a distant check, through a chain of correspondents, according to the

method of banks, is a presentment within reasonable time under the provisions of that law. In that case a check upon a bank at Greenville, Iowa, was indorsed by the payee to a bank at Plover, 45 miles distant, on March 12th. Instead of sending the check direct to Greenville, the Plover bank mailed it down to Des Moines and the Des Moines bank mailed it north to Spencer and from Spencer it was sent to Greenville, reaching there March 19th. The check was protested and the indorser notified. The court held that, to hold the indorser, the Negotiable Instruments Law required that presentment for payment must be within a "reasonable time;" that by that law one of the standards by which reasonable time is determined is the usage of the business world; and that as the check had been presented according to banking usage, the indorser was held.

In South Dakota, from whence this inquiry comes, the Negotiable Instruments Law has not as yet been enacted, but on February 27th, 1907, the Legislature passed an act expressly relating to this subject, declaring what shall be considered due diligence in the collection of a check or draft. That act provides:

"In order to hold the maker, indorser, guarantor or surety of any check or draft deposited with or forwarded to any individual or bank for collection, or owned by any individual or bank, it shall be sufficient for said individual or bank to forward the same to their direct correspondents in the usual commercial way now in use, according to the regular course of business; and the same shall be considered due diligence in the collection of such check or draft."

Applying this act to the case stated, the question would be whether C bank, receiving a check by indorsement from the payee, drawn on a bank eighteen miles distant, exercised due diligence by mailing such check to its Chicago correspondent, instead of sending it direct to another reputable bank in the town where the drawee was located. Assuming that such other bank was not the correspondent of C bank, I am inclined to think that the latter exercised due diligence when it mailed the check to its Chicago correspondent. The very object of this South Dakota legislation would seem to be to legalize a method of presentment other than by sending directly to a bank in the town of the drawee, which was required by the old common law rule. The South Dakota act says it "shall be sufficient" to forward to a direct correspondent "in the usual commercial way now in use." If what C bank did was the usual commercial way, then it exercised due diligence under this statute. In the Iowa case the court said: "It was shown by the evidence without controversy—indeed, it is a matter of common knowledge—that, by the system to which the handling of such business has been reduced, the innumerable checks and bills received by the banks scattered all over the country flow in concentrating currents to distributing banks, where they go out to correspondent banks at or near the city or town where the drawee banks are located, for collection," and the court said that to hold, that the time between the issue of a check upon a distant bank and its presentation for payment by this method is unreasonable, and serves to discharge the

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indorser, would tend to create disastrous confusion in this most important branch of business.

I am therefore inclined to the opinion that, under the South Dakota statute, due diligence was exercised in presenting the check and notifying the indorser. C bank was not obliged to mail the check on the same day it was received, mailing on the next day was sufficient and although the indorser was not notified of dishonor until five days after he had indorsed the check, I am inclined to the view that the South Dakota courts would hold, in view of the statute, that reasonable diligence had been exercised although without this statute the method of presentation pursued might have been held negligent.

The question submitted is whether under the facts stated, C bank is liable for the payment of the check. For the reasons already given I think C bank would have recourse upon B as indorser; and I do not think C bank can be held responsible because of its telephone message that A's check was good. The check was drawn on another bank, not on C, and apart from any lack of power of C bank to guarantee payment of another's debt, a mere telephone message, not being in writing, would not be binding in any event.

CANADIAN BANK NOTES.

A bank in the United States which pays out over its counters Canadian Bank Notes which it has received on deposit is subject to the Federal Tax of 10 per cent. on all notes so paid out—but a bank in the United States may receive Canadian Bank Notes on deposit and send them to Canada for redemption without being required to pay tax thereon.

From North Dakota.—We read of a case in Montana where a bank was heavily fined for paying out Canadian currency over its counters.

Would say that we are about a mile from the Canadian boundary and probably about 50 per cent. of our currency deposits are in Canadian currency. We exchange this currency with our correspondents just across the line.

If there is a law restricting American banks from paying out Canadian, or other foreign currency, please let us know.

There is no Federal statute, so far as I know, which makes it a crime and under which a bank could be fined for paying out Canadian bank notes over its counters; but under Section 3412 of the Revised Statutes of the United States, a bank must pay a tax of ten per cent. on all notes so paid out and make returns of such circulation to the Commissioner of Internal Revenue and the Collector of the District. Section 3412 is as follows:

"Any national banking association, state bank or state banking association shall pay a tax of ten per centum on the amount of notes of any person, or of any state bank or state banking association used for circulation and paid out by them."

It has long been settled by repeated rulings of the Commissioner of Internal Revenue (see Vol. 34 Internal Revenue Record, pages 53, 61, 77, 93, 94 and 101), that Canadian bank notes are within the provisions of Section 3412. In a ruling of Commissioner Wilson under date of July 23d, 1900, upon an inquiry submitted by the Bank of Clallam County, Port Angeles, Wash., the Commissioner says:

"Whenever Canadian bank notes, or the notes of a person, firm, corporation, association or company, whether foreign or domestic, other than a

National Banking Association, are passed from hand to hand anywhere in the United States in the payment of debts or in the purchase of goods, it is held that they are used for circulation in the United States and that any bank receiving these notes so used and paying them out again in the United States is required to pay the tax of ten per cent. on the amount of the notes thus paid out, in view of the provision of Section 20 of the Act of February 8th, 1875."

A bank, however, does not become subject to the tax of ten per cent. for merely receiving on deposit Canadian bank notes that had been used for circulation. It is only when it pays out in the United States these notes that it is required to pay this tax. It has a perfect right to receive them on deposit and send them to Canada for redemption without incurring any tax liability. This is made clear by ruling of Acting Internal Revenue Commissioner Williams under date of November 9th, 1900, in a letter to Mr. F. H. Powell, of Calais, Maine, in which he says:

"Your bank does not become involved in liability to the ten per cent. tax under Section 20, Act of February 8th, 1875, for merely receiving on deposit Canadian bank notes that have been used for circulation. It is only when you pay out in the United States these notes thus received from your depositors that you are required to pay this tax. If, instead of just paying out the Canadian bank notes received by you, you would in all cases send them to Canada for redemption, you are not required to pay tax thereon by reason of the fact that they had been used for circulation in the United States, previously to your receipt of them from your depositors."

Commissioner Williams further says:

"You ask 'Are not business firms in our city, and private individuals as well who receive and disburse these Canadian bills in the usual course of trade, amenable to the same law and penalty as well as banks?' They are not, unless in view of the language of Section 19 of the Act of February 8th, 1875, they also issued notes of their own that are used for circulation."

MARRIED WOMAN AS ACCOMMODATION ENDORSER.

Married woman in Pennsylvania has no power to bind herself as accommodation endorser—Enabling Act of 1893 expressly excepts contracts of this character.

From Pennsylvania.—Under the Pennsylvania married women's Enabling Act can a married woman endorse for a maker other than her husband? I refer particularly to accommodation endorsement.

The Pennsylvania Enabling Act of June 8th, 1893, Section 2, which empowers a married woman to make contracts as if unmarried, contains, among other exceptions, "But she may not become accommodation endorser, maker, guarantor or surety for another." There being no later enabling act enlarging her powers in this respect, a married woman, under the law of Pennsylvania, cannot bind herself upon a note as accommodation endorser for the maker, whether it be her husband or another maker.

It appears, however, that while such contract is not legally valid it creates a moral obligation which would be a sufficient consideration to support a new or renewal note given for the invalid note after her husband's death. This point was established by the Supreme Court of Pennsylvania in Rathfon v. Locher, 215 Pa., 571, decided in 1906. In that case a promissory note was given by a married woman to a

bank as surety for her husband's debt. One month after her husband's death she gave a renewal note to the bank. In a suit against her on the renewal the court allowed a recovery. It said that the defendant was an accommodation maker of the first note and could not be held liable for its payment. There was, however, a moral obligation to pay it, as the bank had advanced the money to her husband because of the note signed by her; and the note in suit having been made after her husband's death, when she was a feme sole and when all restriction on her right to contract was removed, the moral obligation to pay the original note constituted a sufficient consideration to make the note made after her husband's death binding upon her.

CHARGE OF NOTE TO ENDORSER'S ACCOUNT.

Bank has right to charge dishonored note to endorser's account provided latter's liability duly fixed.

From Pennsylvania.—"A" presents for discount and credit to his account with us a note made by "B" who carries no account. At maturity the note is dishonored by non-payment and protested. "A" has sufficient funds in his checking account to cover the note. Can we charge it to the endorser "A's" account?

The liability of the endorser "A" being duly fixed by protest and notice, the bank has the right to charge the amount of the note to his account. This is the usual practice.

CHECKS FOR MORE THAN BALANCE.

Where two checks of different amounts are simultaneously presented, the smaller being within and the larger in excess of the customer's balance, it is the duty of the bank to pay the smaller check rather than to dishonor both checks.

From Louisiana.—One of our customers drew two checks on us, both dated August 1-10, one for \$30.00 in favor of A, the other for \$10.00 in favor of B. The two checks came to us through a bank of the Parish for remittance subject to protest, and the drawer had funds to his credit only to pay the smallest check, namely, the \$10.00 check. Kindly advise us if it was our duty to pay the \$10.00 check and have the other one go to protest and return, or if we should have let both checks go to protest and return.

I think in a case such as stated by you it would be the duty of the bank to pay the \$10.00 check, which was within the balance, and let the other one go to protest, rather than to dishonor both checks. There is the authority of an inferior court for this practice. In the case of Sherburne vs. Rickards, decided by Superior Court of Chicago, in 1898, a depositor drew two checks, one of which exceeded and the other was for a sum smaller than the amount to his credit. Both checks were presented through the Clearing House at the same time. The bank refused payment on the two checks and they were both marked "No funds." The court held that the bank, having enough money on hand to pay the smaller check, should have paid it although it was the one later in date.

SET-OFF AGAINST BANKRUPT'S DEPOSIT.

Right of bank to apply a bankrupt's deposit upon his demand note.

From Ohio.—"A" has on deposit the sum of two thousand dollars; we also hold his demand note for

One thousand dollars, which we charge up against his account. Two days later his creditors force him into bankruptcy. Can we, under the circumstances, hold the money as an offset against his note?

If you have any decisions in a similar case, I should like very much to have you give them to me.

Under the National Bankruptcy Act, as construed by the courts, you have the right to retain \$1,000 of the bankrupt's deposit and apply it upon his demand note, only being accountable to the trustee in bankruptcy for the excess of the deposit over the note. If the note had been \$3,000 instead of \$1,000, you would have had the right to retain the entire deposit and prove claim for the balance.

Section 60, A, of the Bankruptcy Act, makes a transfer of the bankrupt's property within four months, so as to enable any creditor to obtain a greater percentage of his debt than another creditor, preferential. Section 68, A, provides that "In all cases of mutual debts or mutual credits between the estate of a bankrupt and a creditor the account shall be stated and one debt shall be set off against the other, and the balance only shall be allowed or paid."

The Supreme Court of the United States in 1904, in the case of New York County National Bank vs. Massey, 192 U. S., 138 (reversing earlier cases), held that an insolvent, by depositing money in a bank upon an open account subject to check, did not thereby make a transfer of property amounting to a preference under Section 60, A, which would deprive the bank of its right under Section 68, A, to set off the amount of such deposit remaining to the depositor's credit on the date of his adjudication in bankruptcy.

Following this, in 1905, the Supreme Court of Minnesota in Habegger v. First National Bank, 94 Minn., 445, held: Money deposited in a bank in the due course of business by an insolvent within four months of the time he is adjudged a bankrupt, is not a transfer of property amounting to a preference within the meaning of the Bankruptcy Act of 1898 as construed in New York County Natl. Bank v. Massey, and the bank may apply the amount of such deposit upon a debt due from the insolvent. To the same effect West v. Bank of Lahoma, Supreme Court of Oklahoma, September, 1905.

The above authorities will doubtless answer your purpose. Even if the note held by you was a time note which had not matured at the time the customer became bankrupt, it has been held under the provision of the Bankruptcy Law (Section 63, A1), which allows a debt to be proved "whether then payable or not," that such unmatured note is necessarily thereunder a subject of set-off under Section 68, A. (See Frank v. Mercantile Natl. Bank, 182 N. Y., 264.)

PAYMENT OF FORGED CHECK.

The Massachusetts decisions involving the rule that the drawee is bound to know the drawer's signature and cannot recover the money paid upon a forged check, and the exceptions to that rule, reviewed.

From New Hampshire.—A New Hampshire country bank receives for collection from its Boston correspondent a number of checks drawn on the country bank. Some days after remitting for the checks, the country bank discovers that one of the checks bears a forged signature. Can the country bank call upon the Boston correspondent, to whom remittance was made for the forged check, for restitution of the amount of said forged check? It seems to us that

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the loss should fall upon the one who first took the check and put his endorsement upon it.

Please advise us what the latest court rulings are touching such a case. We understand that the old decisions favored throwing the loss upon the drawee, but are advised that the later ones tend to throw the loss where it belongs—that is, upon the one who took the forged check and put his endorsement thereon.

The old rule established by Lord Mansfield in 1762 in the case of *Price v. Neal*, 3 Burrows, 1354, that the drawee was bound to know the drawer's signature and precluded from recovering money paid to an innocent holder upon a forgery thereof, has been so variously applied, modified, distinguished or criticised by the courts in a large number of States, that it would require the writing of a treatise to state the exact condition of the law as it exists in this country to-day on this subject.

The Massachusetts cases, which alone need be referred to as having the closest application to the case in hand, adhere to the doctrine of *Price v. Neal* with certain modifications.

In *Natl. Bank of North America v. Bangs*, 106 Mass., 441, decided in 1871, a check was forged and given the payee in payment of gold sold. The payee when notified of the forgery a few days after the check was paid could not remember the party who gave it to him. The court allowed a recovery, holding that the case did not fall within the doctrine of *Price v. Neal*. The court said:

"The check had not gone into circulation and could not get into circulation until it was indorsed by the defendants. Their indorsement would certify to the public—that is, to every one who should take it—the genuineness of the drawer's signature. Without it the check could not properly be paid by the plaintiff. Their indorsement tended to divert the plaintiff from inquiry and scrutiny, as it gave the check an appearance of a genuine transaction, to the inception of which the defendants were parties. Their names upon the check were apparently inconsistent with any suspicion of a forgery of the drawers. If the suit were between the bank or drawee and a party who took the check in the usual course of business, finding it in circulation, or even by first indorsement by a payee, the loss would fall upon the bank."

It will be seen that the court in this case would have applied the rule in *Price v. Neal* had the bank not paid the check directly to the payee. The court also used this language:

"In the absence of actual fault or negligence on the part of the drawee, his constructive fault in not knowing the signature of the drawer and in detecting the forgery, will not preclude his recovery from one who has received the money with knowledge of the forgery, or who took the check under circumstances of suspicion, without proper precautions, or whose conduct has been such as to mislead the drawee or to induce him to pay the check without the usual scrutiny or other precautions against mistake or fraud."

In *First Natl. Bank of Danvers v. First Natl. Bank of Salem*, 151 Mass., 280, decided in 1890, defendant cashed a forged check, purporting to be drawn on plaintiff by one of its customers, without attempting to identify the person presenting it; and afterwards the check was allowed defendant as a credit on a settlement between the two banks. The nominal drawer was not a customer of defendant, and the check, which was payable to the payee or bearer, was indorsed by the payee. The check remained with the plaintiff over a month before it was discovered to

be a forgery, but defendant was notified immediately after the discovery and the delay worked no prejudice to defendant. It was held that the defendant was liable for the loss.

In allowing the drawee to recover, the court after announcing the general rule denying recovery of money paid on a forged check to one who, finding it in circulation or receiving it from the payee by indorsement, has taken it in good faith and for value, reiterated what was said in the *Bangs* case as to the exceptions where the rule will not apply and also said that the presumption (that the bank knows the signature of its customers) "is conclusive only when the party receiving the money has in no way contributed to the success of the fraud or the mistake of fact under which the payment has been made." The considerations which led the court to hold that the case was one where the *Price v. Neal* rule did not apply, are shown in the following language of the court:

"In the case at bar it is found that the defendant was guilty of negligence in cashing the check without more inquiry as to its genuineness, and this finding is fully supported by the facts. The person who presented the check to the defendant bank was not known to either of its officers, was not one of its customers. No attempt to have him identified was made; and, without identification, the money was paid over upon his indorsement on the check of the name of 'Joel Kimball,' the check being payable to 'Joel Kimball or bearer.' The nominal drawer of the check, whose name was forged, was not a customer of the defendant. It is altogether probable that if the defendant, before it cashed the check, had made proper inquiry, the utterer of it would not have remained to encounter any such investigation; and, if he had, it would readily have been ascertained that he was not the reputable person of the name of 'Joel Kimball' who resided in Danvers. There was also evidence of the general custom of banks, in paying such checks, to have the person presenting them identified.

"When this check was forwarded by the defendant for redemption the plaintiff was without the means it would have had if it had been presented at its own counter, of ascertaining the character of the person offering it. It had a right to believe that the defendant, in cashing a check purporting to be drawn by one not its own customer or entitled to draw upon it, had by the usual and proper investigation satisfied itself of its authenticity. The indorsement, which was not necessary to the transfer of the check, was a guaranty of the signature of the drawer; and the plaintiff had a right to believe that the indorser was known to the defendant by proper inquiry."

A third decision by the Supreme Court of Massachusetts upon this subject is that rendered in the case of *Dedham National Bank v. Everett National Bank*, handed down in January, 1901. In that case the doctrine of *Price v. Neal* was applied and the right of the drawee bank which had paid money to another bank upon a forged signature of its customer to certain checks, was denied. In this case the action was to recover the amount of two forged checks drawn on and paid by the Dedham bank to the Everett bank. Both checks were drawn payable to cash and were without indorsement. The checks had been forged by a clerk of a depositor in the Everett National Bank and had been presented by the clerk to that bank with a request for part cash and part credit to his employer's account, representing that the cash was for his employer. Both checks were paid by the Dedham bank through the Clearing

House. It was found that if the employee of the Dedham bank who paid them had compared the signatures on the checks with the genuine signature of the supposed maker which it had on file, he would have discovered the forgery. Holmes, C. J., in delivering the opinion, confirming a verdict for the defendant, said:

"The plaintiff's argument is directed to proving that we should not adopt the rule laid down in *Price v. Neal*, 3 Burrows, 1854, according to which a drawee paying a forged draft or check to a bona fide purchaser cannot recover back the money paid. We are aware that this rule has been questioned by some text writers. But it is of such universal, or nearly universal, acceptance, that we shall go into no extended discussion. * * * The ground of recovery for a payment under a mistake of fact is that the existence of the fact supposed was the conventional basis or tacit condition of the transaction. If parties are so far at arm's length that each takes the risk of what he does, of course one of them cannot recover money paid because he finds he has made a mistake. We believe that now, at least, especially in the case of a bank, it is a matter of general understanding that, when the holder of a check in no way contributes to the deception, the bank does take the risk of paying, so far as the signature is concerned. But if this is so, mistake disappears as a ground for recovery and there is no other. * * * The plaintiff attempts to make out that the defendant led the plaintiff to make the payment by requiring no indorsement of the checks, on the ground that its officer was led by that fact to suppose that they were cashed for the man who appeared to have been their maker. The attempt to prove a custom that would justify such an inference failed and the judge may not have believed even that the officer was influenced in his conduct by the absence of an indorsement. But if he was, the evidence did not show any duty on the part of the defendant to anticipate such a result. The indorsement of the check by the defendant (*Everett Bank*) was not an indorsement by the payee. It was not an indorsement for purposes of transfer and contained no representation beyond what would have been imported by a presentment in person."

I have quoted from the Massachusetts cases at some length that a better idea may be given of the reasons which prompted the court to allow or deny recovery of money paid by a drawee upon a forged signature in specific cases. In the Bangs case the money was paid to the payee and recovery was allowed because the payee supposedly dealt directly with the drawer and the payee's indorsement tended to certify genuineness of his signature to the drawee and diverted the latter from inquiry and scrutiny. In the Salem case recovery was also allowed because the defendant bank was guilty of negligence in taking the check from a stranger without identification and as the check came from another place, the drawee did not have the same means of ascertaining the character of the person offering it, as if it had been presented over its own counter, and had a right to presume that the proper investigation had been made by the sending bank. In the Everett case the drawee was denied recovery because, it would seem, the bank first taking the check was not guilty of negligence and did nothing to contribute to the deception.

In the case now submitted, a forged check was mailed by a Boston bank to a New Hampshire drawee and remitted for. No facts are stated to show how or from whom the check was acquired or whether there was any negligence in taking the check or anything done which would contribute to the mis-

take or mislead the drawee, except it is stated that the check was indorsed by the one first taking it.

In the absence of precise facts, no positive opinion can be given whether the case is one where the drawee would be allowed or denied recovery under the *Price v. Neal* rule or its exceptions, and without expressing any opinion, I am presenting the full citation of the Massachusetts cases which, when the facts are fully known, will enable a definite conclusion to be reached.

EXECUTION OF CHECK.

Duty of drawer to exercise ordinary care—Cases illustrating what is and what is not negligence on drawer's part—Never yet held that banker's drafts must be safeguarded by protectograph nor that the drawing of a check by a customer in lead pencil is negligent.

From Iowa.—Is it negligence on the part of a bank to omit using a protectograph or safety device of some sort on drafts it sends out? Suppose one of our drafts upon which we have not used protectograph is raised, would we be held to have been negligent?

Also, one of our customers is in the habit of sending out a large number of checks written in pencil. We have been in the habit of cashing these for him. These could be raised very easily. If one of these checks should be raised, would we be held liable because we had not told him not to send out checks written in pencil?

It is recognized as a general rule that the drawer or customer owes to the drawee or banker the duty of exercising ordinary care in the issuance of his check on the banker, and the proposition is broadly stated by text writers that where a check, which has been paid, has been so carelessly prepared as to render it easily open to material alteration without leaving evident traces for detection, the customer has furnished the opportunity for the fraud which has deceived the bank and must suffer the consequences by bearing the loss himself.

Instances where, as between customer and bank, the customer has been held responsible, are the case of a check filled out with the amount beginning in the middle of the line and signed by the customer in that condition, so that the holder was able to prefix an increased amount without the check giving any evidence of alteration; or where the customer had signed a check in blank and left it carelessly lying around and it has been stolen, filled out and paid. But where a customer carelessly leaves his checkbook around so that another person gets access to it and forges his name to a check which the bank pays, this does not make the customer responsible (*Myers v. Southwestern Nat. Bank*, 193 Pa. St. 1) nor does the mere fact of drawing a check in favor of a stranger who subsequently forges it by raising the amount constitute negligence on the part of the customer (*Nat. Bank v. Nolting*, 94 Va. 263).

The New York Court of Appeals in a recent case (*Critten v. Bank*, 171 N. Y. 219) uses this language: "The question of negligence cannot arise unless the depositor has, in drawing his check, left blanks unfilled, or, by some affirmative act of negligence, facilitated the commission of a fraud by those into whose hands the check may come * * *. Now, while the drawer of a check may be liable where he draws the instrument in such an incomplete state as to facilitate or invite fraudulent alterations, it is not the

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law that he is bound so to prepare the check that nobody else can successfully tamper with it."

Considering the questions you submit in the light of the above:

(1) It has never yet been held that the omission by a bank, in drawing checks on its correspondent, to use a protecograph or other safety device would be a neglect of duty to the drawee which would make the drawer, rather than the drawee, responsible for the loss in case of payment of a raised check not so protected. Whether the courts will, in the future, take this advanced view is, of course, problematical.

(2) Nor has it ever yet been held that the drawing of a check by a customer, in lead pencil is not the exercise of ordinary care so as to make the customer, rather than the banker, liable in case of payment of a raised lead pencil check. A check written with lead pencil is legal—there is no requirement of law that the writing must be in ink—and yet in view of the ease with which such a check can be raised, so as to make the alteration impossible of detection, it would not be surprising if some court, in the future, should hold a customer responsible where such a check had been raised and paid on the ground that he did not use ordinary care. It would seem, as the law stands at present, that the bank, for its own

safety, should stipulate with its customer that his checks must not be drawn in lead pencil so as to enable it to refuse payment of a check so drawn without any violation of its contract to honor its customer's checks.

PROTEST OF CHECK.

Check payable to order, presented by holder other than payee, but lacking payee's indorsement, is not protestable, as refusal of payment is not a dishonor.

From Georgia.—Can a check that is not endorsed be protested, even if the account is not sufficient for amount of check?

Protest of a check is only authorized or lawful when there has been a dishonor of the instrument by non-payment, and in order to constitute such dishonor presentation for payment must be duly made. When a check, payable to order, is presented by a holder other than the payee, lacking the payee's indorsement, there is no due presentment and protest thereof cannot be properly made. In such case I do not think the fact that the funds are insufficient would make any difference. Of course, if the check was payable to bearer it would be protestable.

MORTUARY RECORD OF MEMBERS FOR AUGUST, 1910.

Compiled from financial journals and original sources of information. Members are requested, upon the decease of any officer or director of their Institution, to notify the Journal.

Barker, John J.—Director Toledo Savings Bank & Trust Co., Toledo, Ohio.
Barry, John J.—President North Side Savings Bank, New York, N. Y.
Barton, Charles L.—Assistant Cashier Alliance Bank, Rochester, N. Y.
Bishop, S. W. M.—Assistant Cashier First National Bank, New York, N. Y.
Bradley, Stephen Rowe—Director Nyack National Bank, Nyack, N. Y.
Branigan, Frank A.—Cashier Citizens Savings Bank, Waterloo, Ia.
Brey, Joseph E.—Secretary Lincoln Trust Co., New York, N. Y.
Brown, Maj. A. M.—President Anchor Savings Bank, Pittsburgh, Pa.
Browne, James A.—President First National Bank, Brownsville, Texas.
Clossen, A. B. Jr.—President Farmers & Mechanics' Bank, Ludlow, Ky.
Cohen, Benjamin I.—President Portland Trust Co., Portland, Ore.
Conklin, Daniel E.—Director National Union Bank of Maryland, Baltimore, Md.
Doty, William H.—President First National Bank, Yonkers, N. Y.
Dure, H. F.—Director Central National Bank, Wilmington, Del.
Harris, E. L.—Assistant Cashier Agricultural Bank, Paris, Ky.
Herbst, Charles F.—Vice-President First National Bank, Wapakoneta, Ohio.
Irwin, Joseph I.—President Irwin's Bank, Columbus, Ind.
Loichot, L. A.—President First National Bank, Canton, Ohio.
Lombard, Isaac Gross—Director Corn Exchange National Bank, Chicago, Ill.
Low, F. W. M.—President First National Bank, Bloomsburg, Pa.
Lowell, Walter R.—Director Bank of Fort Bidwell, Fort Bidwell, Cal.
Ferrin, Calvin—President The Luzerne National Bank, Luzerne, Pa.
Reeve, Benjamin C.—Vice-President and Trust Officer Camden Safe Deposit & Trust Co.,
Camden, N. J.
Ridgely, Charles—Vice-President Ridgely National Bank, Springfield, Ill.
Simmons, J. Edward—President Fourth National Bank, New York, N. Y.
Springer, George W.—Cashier Citizens National Bank, Englewood, N. J.
Staley, Marion B.—Vice-President First National Bank, South Bend, Ind.
Stevens, Henry C.—Cashier Newport National Bank, Newport, R. I.
Sullivan, J. J.—Vice-President Market National Bank, Cincinnati, Ohio.
Ten Eyck, James—Vice-President New York State National Bank, Albany, N. Y.
Wood, Elbridge G.—President Haverhill Savings Bank, Haverhill, Mass.
Yule, George—Director Citizens' National Bank, Glenwood Springs, Colo.

REGISTRATION.

THE offices of the Association, being so centrally located in the financial district—corner of Nassau and Pine Streets—make a very convenient place for members and their friends to meet when in New York. One of the large offices has been fitted up as a library and reading room, in which are kept on file the financial papers of the country and other current literature. Every facility has been provided for correspondence, and the Association's stenographers are at the service of the members, who can have their mail and telegrams sent in care of the office. The Association telephone is also at their service when they wish to communicate with the banks or their friends. The members are cordially invited to avail themselves of these privileges, and it is very much hoped they will do so.

The following visitors registered during the month of August:

Wm. Herbert, of Wlliam Herbert & Co., New York, N. Y.

F. D. Gibbs, Assistant Cashier Ouachita National Bank, Monroe, La.

A Eugene Mason, Cashier and Treasurer Glens Falls Trust Co., Glens Falls, N. Y.

Wm. Ingle, Vice-President and Cashier Merchants' National Bank, Baltimore, Md.

Wm. A. Wilcox, Trust Officer, The Scranton Trust Co., Scranton, Pa.

Clay H. Hollister, Vice-President and Cashier Old National Bank, Grand Rapids, Mich.

J. A. Lewis, Cashier National Bank of Commerce, St. Louis, Mo.

F. O. Wetmore, Vice-President First National Bank, Chicago, Ill.

F. I. Kent, Vice-President Bankers' Trust Co., New York, N. Y.

Lewis E. Pierson, President Irving National Exchange Bank, New York, N. Y.

Walter E. Frew, Vice-President Corn Exchange Bank, New York, N. Y.

Joseph T. Talbert, Vice-President National City Bank, New York, N. Y.

Daniel G. Wing, President First National Bank, Boston, Mass.

Bion H. Parnett, Chairman of Board, Barnett National Bank, Jacksonville, Fla.

Russ S. Jenks, Cashier Commercial and Savings Bank, St. Clair, Mich.

Arthur L. Hill, Clerk First National Bank, Omaha, Neb.

John H. Reynolds, President First National Bank, Rome, Ga.

Col. J. D. Powers, Vice-President Third National Bank, Louisville, Ky.

John M. Miller, Jr., Vice-President First National Bank, Richmond, Va.

Geo. H. Russel, President Peoples' State Bank, Detroit, Mich.

George Lewis, Managing Editor "The Financier," New York, N. Y.

C. P. Barlow, Vice-President and Cashier The Yale National Bank, New Haven, Conn.

H. P. Frice, Cashier The National Bank of Norwalk, Norwalk, Conn.

J. E. Carter, Cashier First National Bank, Morgantown, Ind.

Mrs. Carter, Morgantown, Ind.

Anthony Stumpf, Director Huguenot Trust Co., New Rochelle, N. Y.

R. S. Hecht, Assistant Manager Hibernian Bank & Trust Co., New Orleans, La.

G. Byron Latimer, President First National Bank, Rockville Center, N. Y.

W. H. Shelton, President Citizens' Bank & Trust Co., Athens, Ga.

James T. Howenstein, Washington, D. C.

Wm. L. Dorris, Jr., Assistant Cashier Saline Trust & Savings Bank, Harrisburg, Ill.

E. R. Fancher, Vice-President Union National Bank, Cleveland, Ohio.

C. A. Spreckels, New York, N. Y.

Paul D. Sullivan, New York, N. Y.

F. J. Van Order, Windsor Trust Co., New York, N. Y.

W. H. Stuckey, Cashier Peoples Bank, Ridge Spring, S. C.

Charles T. Greene, "Brooklyn Eagle," Brooklyn, N. Y.

T. A. Uzzell, Cashier Peoples Bank, New Bern, N. C.

Lynn H. Dinkins, President Interstate Trust and Banking Co., New Orleans, La.

Albert W. Atwood, New York "Press," New York, N. Y.

Walker Hill, President Mechanics-American National Bank, St. Louis, Mo.

R. M. Rownd, New York, N. Y.

Mrs. J. C. Gibson, Atchison, Kansas.

D. H. Pierson, Cashier Bank of the Manhattan Co., New York, N. Y.

BOUND VOLUMES OF THE JOURNAL.

Those who desire to preserve the Journals in bound form and are in need of any numbers to complete Volume 2 can be supplied from our surplus files, for a time at least, but members are urged to take great care in preserving all numbers, as a time will come when certain of the files will be exhausted.

Where local book-binders are not available, the numbers can be forwarded by mail or express to the headquarters of the Association, the binding done in New York and the bound volume returned, the Association charging each member actual cost.

Several copies of Volume 2 have also been handsomely bound in three-quarter leather to match Volume 1, which was bound a year ago. Any one desiring such bound copies, either of Volume 1 or 2, can obtain same at cost (\$2.00) by advising this office.

DRAFTS FOR MEMBERSHIP DUES FOR FISCAL YEAR 1910-11.

Following the usual custom of drawing drafts on our members for dues payable September 1st of each year, drafts have been forwarded to members by our treasurer, Mr. P. C. Kauffman, through the Fidelity Trust Company, Tacoma, Wash.

The annual dues are payable in advance, therefore these drafts will cover the dues of our members in full to the close of our fiscal year, September 1st, 1911.

Owing to our large membership this is the best method of collecting dues, as the bulk of our funds become immediately available and in addition save considerable delay and correspondence which would otherwise ensue. Our membership is now over 11,300, and therefore our usual action in this matter will no doubt be appreciated by our members and the drafts promptly honored.

PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

Members are requested, in case of attempted or successful perpetration of fraud, forgery, burglary, or hold-up, to wire the American Bankers Association, 11 Pine Street, New York, N. Y., at once; and follow the wire up immediately by letter, giving the details as fully as possible.

It is important that all members display their American Bankers Association Membership Sign in a prominent and conspicuous place, the paying teller's or cashier's window being preferable. Certain criminals who have been captured through the efforts of our detective agents have admitted that they would not have operated against banks if they had seen a sign indicating that the institution was a member of the American Bankers Association.

It having become apparent through recent developments in the protective work of the Association that bank forgers are securing sample checks from engraving, printing and stationery houses, utilizing these samples for reproduction of checks and drafts, houses which furnish checks and drafts should not distribute samples promiscuously and banks should discourage this custom by notifying the firms from whom they secure their supply.

The criminal records which appear in this publication are under the direct supervision of the Manager of the Protective Department. They are a part of the records of the Association and are not, as heretofore, published without opportunities for verification as furnished by the former agency.

Members are warned to be on the lookout for one J. B. Kelly, formerly a resident of Dinuba, Cal., who defrauded a bank (M) in the city by means of a raised check. Kelly is 50 years of age, 5 feet 7 inches tall, weighs 160 lbs., stout build, light complexion, gray eyes, straight nose, black hair, sprinkled with gray, smooth shaven. He has been employed variously as a brick mason, painter and piano tuner.

We learn that F. R. Dalton is still operating. This is the person who is issuing checks purporting to bear the signature of the W. R. Walton Lumber Company, and concerning whom a number of articles have appeared in different issues of the Journal. Within the past few weeks Dalton has appeared in Missouri, where he represented himself as a purchaser of hickory timber for manufacture into automobile spokes.

A bank (M) in New York reports that one Bert L. Lynch is issuing worthless checks on them which purport to bear the signature of Leonard B. Searing. Lynch has confined his operations to merchants.

A person signing the name of Joseph Matthews is drawing bogus checks on a bank (M) in Rockville Centre, Long Island, N. Y. This party has no account at that bank.

A bogus check operator has been quite active in Chicago during the past month and has defrauded saloonkeepers in that city. His checks are drawn on a bank (M) in Chicopee, Mass., and purport to be signed by T. P. Murphy; others bear the signature of C. B. Eldredge. These checks are made payable to James Van Slyke. The person circulating these checks is described as 40 to 45 years of age, 5 feet 9 inches tall, weighs 160 lbs., dark complexioned, dark hair, dark eyes, coarse features, wore dark clothes and is careless in his dress.

A person employing the name of J. H. Davidson is issuing bogus checks drawn on a bank (M) in Pittsburg. He appeared last month in Detroit, Michigan, where he represented himself as an agent for the La Salle Extension University of Chicago. Davidson is described as 5 feet 10 inches tall, weighs 160 to 165 lbs., fair complexion, light brown hair, thin features, pleasing address, good talker, uses excellent English, and appears to be well educated. He has not attempted to defraud any member of this Association and confines his operations to merchants and hotels. We furnish below a specimen of Davidson's handwriting:

J. H. Davidson
J. H. Davidson

One Harry E. Campbell recently stole a quantity of checks from the office of Geo. J. Bock & Son and within the past few weeks has circulated several of them in numerous Pennsylvania towns. All of the checks are drawn on a Coshocton, O., bank (M) and purport to bear Bock & Son's signature. Thus far Campbell has attempted to defraud no member of the association, but merchants in Pittsburg, Meadville, Uniontown, Dunbar and other Pennsylvania towns have suffered through his operations. Campbell is described as 5 feet 8 inches tall, weighs 165 lbs., dark hair, smooth shaven, good talker.

Deputy Sheriff Mulhall, of Santa Clara County, California, succeeded in arresting W. A. Morrisey, alias W. A. Johnson, alias W. C. Johnson, alias W. A. Thompson, who has since been sentenced to serve two years in the California State Penitentiary for issuing worthless checks drawn on a bank (M) in Coaltinga, Cal.

We are advised that one Henry Hinger is issuing checks on a bank (M) in Duluth, Minn., and has succeeded in defrauding a number of merchants in the Middle West by means of these checks, which bear a forged certification stamp. Hinger is 33 years old, 5 feet 9 inches tall, weighs 160 lbs., black hair, dark mustache, black eyes, dressed in dark clothes and wears a soft black hat. His scheme is to make a purchase, tender one of his checks in excess of the amount due the storekeeper and depart with the change.

Members are warned to be on the lookout for a person giving the name of H. Harris, who claims to be a traveling salesman for the firm of Irwin & Co., Pittsburgh, Pa. Harris appeared in York, Pa., on August 10th, and defrauded a bank (M) out of seven dollars with a worthless check drawn on a Philadelphia bank (M) which purported to bear the signature of John L. Ross.



GEO. A. LOW.

On August 9th the police authorities of Pittsburgh, Pa., arrested Geo. A. Low for defrauding merchants with worthless checks drawn on a Philadelphia bank (M) and a Wilkinsburg, Pa., bank (M). Low is described as 36 years of age, 5 feet 6 inches tall, weighs 150 lbs., medium build, dark brown hair, large blue eyes, and when taken into custody wore a stubby dark mustache.

A person employing the name of S. M. Griggs last month defrauded a bank (M) in San Francisco, Cal., by means of a worthless check drawn on another bank (M) in that city. Griggs is 32 years of age, 5 feet 9 inches tall, weighs 150 lbs., has a slightly ruddy complexion, wears glasses, usually carries a cane, as a rule wears light clothes and has a stylish appearance. He is a former resident of San Francisco.

A swindler employing the name of Herbert E. Conners has just made his appearance in Los Angeles, Cal., where he succeeded in defrauding a bank (M). Conners opened a savings account with a small sum and subsequently made two small cash deposits. He then deposited a bogus check and later called at the paying teller's window and drew against same. Conners is described as 25 years of age, a little over 5 feet tall, weighs 120 lbs., fair complexion, brown

hair, blue eyes, smooth shaven, regular nose, rather good features, pleasant appearance, wore a dark blue suit and looked like a dry goods clerk. A specimen of his handwriting is furnished below:

*Herbert Conners
22 1/2 7-20 1910 No 79.
P. B. Huntley*

On page 488 of the May, 1910, Journal and page 15 of the July Journal we publish articles concerning the operations of C. D. Branch and E. M. Wilson, respectively. Last month a swindler employing the name of M. E. Jordan, who operated in a manner similar to that of Branch and Wilson, made his appearance in Minneapolis, Minn., and victimized a Minneapolis bank (M). Jordan rented a vacant store under the pretense that he was going to manage the branch establishment of a large New York concern manufacturing gas and oil engines. He then had the owner of the building introduce him to the cashier of the bank where he (Jordan) deposited a bogus check drawn on a New York bank (M). The following day Jordan reappeared at the bank, drew against this check and that evening skipped town. A warrant for his arrest is held by the Chief of Police of Minneapolis, and also by the Chief of Police of Toledo, O.

M. E. Starling, alias S. E. Miller, is wanted in Quitman, Ga., for forging the endorsement of three promissory notes which a bank (M) in Quitman, Ga., discounted for him. One of the notes recently fell due and no attempt was made to meet it. It was ascertained that Starling had left town and it was then that the forgery came to light. A further investigation proved that Starling's remaining unpaid notes all bore forged endorsements. Starling is 35 years of age, 5 feet 7 inches tall, weighs 145 lbs., has blue eyes, ruddy or sunburned complexion, dark hair, smooth shaven, usually smiles when talking, has a pleasing personality. His occupation is that of truck farmer. A specimen of his handwriting is furnished below:

*W. E. Starling
Sept. 11, 1909
W. E. Starling*

A bank (M) in Bowling Green, Ky., has suffered a loss through the operations of a clever swindler employing the name of M. Merriweather, and who is described as 25 to 30 years of age, 5 feet 9 inches tall, weighs 150 lbs., medium build, smooth shaven, dark chestnut hair, dark eyes, slightly ruddy complexion, face rather full and round; wore a dark suit of clothes, straw hat, and presented a very neat appearance. Merriweather called at the bank in question and fraudulently representing himself as a traveling man for the McIlhenny Co., of New Iberia, La., succeeded in getting the cashier to cash a bogus voucher check purporting to be drawn by that firm on a bank (M) in New Orleans, La. Members are

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

warned to be on the lookout for this person. We furnish below specimen of his handwriting:

Bowling Green 7/20 1910
#16784 7/10 1685-95
in Merriville

The proprietor of a hotel at Paw Paw Lake, Mich., by one H. R. Minton, alias Harry Benton, for whom he cashed a check bearing the forged certification of the cashier of a Coloma, Mich., bank (M). Minton, who was accompanied by a woman whom he stated was his wife, is a man of about 26 years of age, 5 feet 10 inches tall, weighs 125 to 130 lbs., smooth shaven, blond hair, blue eyes. Minton claimed to be an advertising agent for the Butterick Publishing Company. A specimen of his handwriting is furnished below:

R. Herder W. L. Beck
Thirty Seven 37.00
2239 June 26th 1910

One R. Herder, alias Porter, last month victimized a Chicago hotel on the fraudulent representation that he was a traveling man for the Hamilton-Brown Company. This party had previously defrauded a Milwaukee hotel. The checks he presents bear the forged signature of The Phil. Levi Company and are drawn on a Chicago bank (M). Herder is 48 years of age, 5 feet 8 inches tall, weighs 170 lbs., gray hair, short stubby gray mustache, florid complexion and wears a gray sack suit.

On July 28th, 1910, a bank (M) in Los Angeles, reported to the Protective Department a case in which the depositor's signature had been forged to a check made payable to F. E. Morris. Our detective agents, the Burns & Sheridan National Detective Agency, undertook an investigation of the case, with the result that on August 11th Chas. McEwen was taken into custody as the guilty party, the arrest being made at the request of, and on information furnished by, the Burns & Sheridan Agency, whose local representative was present when McEwen was apprehended. McEwen is now being held in \$1,500 bail to await the action of the Grand Jury. He is described as 35 years of age, 5 feet 11 inches tall, weighs 170 lbs., brown hair, blue eyes, smooth shaven, ruddy complexion.

On August 4th, 1910, a bank (N. M.) in Hamilton, Ont., was victimized by a smooth forger, who cashed a check for \$2,555 with the forged signature of a firm of attorneys. He secured the signature by getting the firm to make a fake collection for him, getting a check for \$18, from which he traced the signature to his big check. He disarmed suspicion by telephoning to the bank that he was speaking from the office of the firm in question and asking what their balance was. He said that a tall, stout man would present a check for \$2,555. He got the money without any trouble and the coup was not discovered until the legal firm came to check up their bank account a few days later. In the meantime, of course, the forger had disappeared.

We published an article on page 86 of the August Journal concerning a bogus check operator, employing the name of Louis C. Holtz. We learn that Holtz has since been arrested in New York City, where he made on attempt to defraud a real estate firm with one of his worthless checks.

One C. B. Hasson is issuing worthless checks in Southern California and has defrauded a number of merchants in that section of the country. His checks are drawn on a bank (M) in Covina, Cal. Hasson is described as 23 years of age, 5 feet 10 inches tall, weighs 165 lbs., well built, light complexioned, smooth shaven.

The Protective Department is in receipt of information that one R. W. Asbury has stolen a number of blank checks from his former employer, Mark Teeter, a contractor at Winlock, Wash., and has recently circulated some of these checks, bearing Teeter's forged signature, in and around Winlock. Several storekeepers have suffered through the operations of this party and a warrant is now held for his arrest by the Chief of Police of Winlock. Of late Asbury has not been seen around his old haunts. He is described as 27 years of age, 5 feet 8 inches tall, weighs 130 lbs., slim build, and walks somewhat lame because of an artificial right limb.

On August 6th, 1910, a young man giving the name of Roy Jacobia, 18 years of age, was arrested by the local police of New York on complaint of a New York bank (M). Jacobia appeared at the bank in question and attempted to cash a check bearing the forged signature of a depositor. The paying teller noticed that there was something wrong with the signature and communicated with the police, with the result that Jacobia was taken into custody.

On August 2d, 1910, the local police of Hackensack, N. J., arrested Frank Forsch, alias Ray Thorne, on the charge of issuing worthless checks and defrauding the proprietor of a hotel.

One W. L. Beck is issuing worthless checks drawn on a Lancaster, N. Y., bank (M). These checks are all made payable to Beck and purport to bear the signature of H. B. Cooper and A. H. Cooper. During last month he operated in Atlantic City, Elizabeth, Trenton and Paterson, N. J. Beck has attempted to defraud no member of the Association.

The proprietor of a hotel in Plymouth, Ind., was last month defrauded by a swindler giving the name of J. L. Thompson, for whom he cashed a worthless check purporting to bear the signature of B. Mishell, manager of the Metropolitan Importing Company. Thompson is 32 to 35 years old, 5 feet 7 inches tall, 170 to 180 lbs., heavy build, light complexion, blue eyes, light brown hair, one tooth missing in front, teeth generally bad, wore a blue serge suit and black derby, and had a Travelers Protective Association button in his coat lapel.

A bank (M) in Chicago, Ill., reports that a person who has no account at that bank is drawing worthless checks on them purporting to bear the signature of M. A. Messlein and payable to S. T. Jones.

A bank (M) in Hampton, Va., and another in Phoebeus, Va., were each defrauded out of small sums by a person who employs the name of C. A. Sheppeny. Sheppeny is engaged in the work of compiling a booklet entitled "Hints on Banking," which he distributes gratis among prospective depositors, his income being derived from the advertisements of merchants appearing in these booklets. While in Hampton and Phoebeus, Va., he called on a bank in each of these towns and secured from them a sum of money on drafts drawn on Whittet and Shepperdon, Richmond, Va., which were returned protested, it being claimed that Sheppeny had no authority to draw on that firm. Members are warned to be on the lookout for this party and to notify the Protective Department by wire immediately should he make his appearance.

We are advised by a New York bank (M) that a person who has no account at that bank is issuing worthless checks drawn on them. All of the checks are in the same handwriting, though different names are signed to them. The signatures on these checks are: John Mabus, Theodore Brix, W. M. Gaus, John Kerey and Frank Kreiger.

A number of bogus checks have recently appeared at a bank (M) in Philadelphia. They are all written in the same hand and are signed variously William G. Wilson, Chauncey Clement, S. H. Robinson & Co., Wm. G. Bell, A. Rossi & Co., Chauncey Staples, William Stack and Geo. H. Stack. The person issuing these checks has defrauded a number of merchants in New York, New Haven, Conn.; New Brunswick, N. J.; Tarrytown, N. Y.; Yonkers, N. Y., and Camden, N. J.

On page 492 of the May, 1910, Journal, we published an article concerning Frank W. Smith. This person has resumed operations, and now employs the name of Edward C. Smith, his checks being drawn on a bank (M) in Summit, N. J. He has made no attempt to defraud any member of the Association.

On August 12th, 1910, Harry E. Cornell, alias A. J. Crane, entered a bank (M) in Fond-du-Lac, Wis., and, flourishing a revolver, commanded every one in the bank to throw up their hands. A customer standing at one of the counters near the door was not observed by Cornell. This party made a break for the door and hastened for an officer, when Cornell, discovering that his plan of robbery had been frustrated, started through the door and attempted to make his escape. A number of persons in the vicinity of the bank immediately gave chase, and Cornell was overtaken before he was able to go very far. He was immediately placed under arrest and is now lodged in jail in Fond-du-Lac awaiting trial.



SAMUEL H. KEELER, ALIAS GEO. W. FISCHER.

On page 88 of the August Journal there appears an article concerning a person who, employing the name of Geo. W. Fischer, issued a number of worthless checks and succeeded in defrauding a Cincinnati bank (M) out of a small sum. Fischer has since been arrested in Dayton, Ohio. His correct name is Samuel H. Keeler, and he is now serving a thirty-day sentence in Dayton for circulating bogus checks in that city. The Protective Department has arranged to have him returned to Cincinnati for trial after his release in Dayton. If any member can identify this photograph it is requested that the Protective Department be notified accordingly.

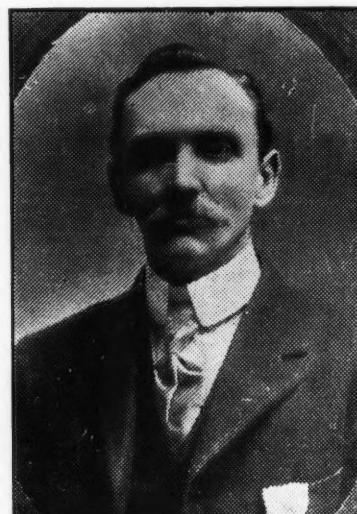
We publish herewith a photograph of Paul D. Phelps, alias M. M. Pope, alias Harold C. Foster, who successfully worked the "fake telegram" swindle on

a Waterloo, Ia., bank (M). The bank in question received a telegram which purported to be signed by a Muncie, Ind., bank (M) requesting that a certain sum be paid to Phelps and that they waive identification. A day or two following the receipt of this message Phelps made his appearance, secured the money and then took his departure. Subsequent investigation developed the fact that the Muncie bank never sent the telegram, but that the wires had been tapped and



PAUL D. PHELPS.

the message sent by an experienced telegraph operator. Phelps is 19 years of age, 5 feet 9 or 10 inches tall, weighs 160 to 170 lbs., smooth shaven, brown hair, face somewhat freckled, has one gold upper front tooth, wore a gray striped suit and a black derby hat. He is a telegraph operator and has worked in that capacity for railroads and commercial telegraph companies. The Chief of Police of Waterloo, Ia., holds a warrant for Phelps' arrest.



WM. J. JONES.

On August 8th, 1910, a bank (M) in Claremore, Okla., notified the Protective Department that one Wm. J. Jones had defrauded them out of a large sum

by means of a worthless check drawn on a bank (M) in La Moilles, Ill. Our detective agents, the Burns & Sheridan National Detective Agency, were immediately assigned to the task of locating Jones. They succeeded in tracing him to Indianapolis, Ind., where, at the request of the Burns & Sheridan Agency, and on information furnished by them, Jones was arrested, a representative from the Burns & Sheridan Agency being present when the arrest occurred. Jones, who claims to be President of the Kansas Union Traction Company, has been returned to Oklahoma for trial.

On August 15th, 1910, Charles Troxall was arrested in Burlington, N. J., at the request of, and on information furnished by, our detective agents, the Burns & Sheridan National Detective Agency. A representative of the Burns & Sheridan Agency was present when Troxall was taken into custody. Troxall had forged the name of a depositor to a check drawn on a bank (M) in Burlington, N. J. He is now being held to await the action of the Grand Jury.

At the request of, and on information furnished by, the Burns & Sheridan National Detective Agency, R. L. Peebles was arrested in Philadelphia, Pa., on August 11th, 1910, and has been returned to Birmingham, Ala., for trial on the charge of defrauding a bank (M) in that city with a worthless draft drawn by Peebles on a Chattanooga, Tenn., bank (M). A representative from the Burns & Sheridan Agency was present when Peebles was placed under arrest in Philadelphia. Prior to the apprehension of this party he made an unsuccessful attempt to swindle a New York bank (M), and also defrauded hotels in New York and Chicago.



JOHN R. PALMER.

In 1907 John R. Palmer attempted to defraud a bank (M) in Kansas City, Mo., by forging the endorsement of the payee to a check. He was arrested as he was about to cash the check and was subsequently released on bail. Palmer later forfeited his bond and our detective agents, the Burns & Sheridan National Detective Agency, undertook to again locate him. In this they were successful, causing Palmer's arrest in New York City on July 22d, 1910. He was, however, released the following day by Judge Herbert in New York City on a legal technicality. As there is a likelihood of his renewing operations we publish Palmer's photograph and description herewith. He is 26 years of age, 5 feet 9 inches tall, weighs 175 lbs., medium dark complexion, dark brown curly hair, blue eyes, scar on right side of upper lip. Palmer's occupation is that of bookkeeper and he is considered an excellent penman.

A bank (M) in Atlanta, Ga., recently reported to the Protective Department that it had been victimized by one W. A. Harris, who was formerly engaged in the insurance business in Atlanta, and for whom they had discounted a number of promissory notes. One of the notes became due a few weeks ago and no attempt was made to meet it. A search was then made for Harris and he was found to have packed his belongings and skipped town. The notes all bore what purported to be the endorsement of one of Atlanta's prominent citizens, and when he was called upon to pay the note that had matured he declared



W. A. HARRIS.

that his signature had been forged, not only on this note but on all of the remaining notes deposited by Harris. The case was placed in the hands of our detective agents, the Burns & Sheridan National Detective Agency, who succeeded in tracing Harris to Bluefields, W. Va., where they caused his arrest on August 20th, 1910, a representative from the Burns & Sheridan Agency being present when the arrest was made. Harris has since been returned to Atlanta, Ga., where he is now awaiting trial. He is 38 years of age, 5 feet 9 inches tall, weighs 160 lbs., dark hair, dark eyes (deep set in head), sallow complexion, round shouldered.

James Grant, colored, who was arrested for the attempted burglary of a bank (M) in Collinston, La.—as reported on page 13 of the July, 1910, Journal—was sentenced on August 2d to serve four years in the Louisiana State Penitentiary for the crime.

On page 542 of the May, 1910, Journal, appears an article giving an account of the arrest of C. E. Hill, who forged the endorsement to a check which was contained in a letter stolen by him from a mail pouch. Hill has since been tried on the charge of robbing the mails and has been sentenced to serve eighteen months in the Federal Prison at Leavenworth, Kans.

H. L. Kingsbury, whose arrest was reported on page 89 of the August, 1910, Journal, was sentenced on August 3d to three months in the Cook County, Ill., House of Correction. Kingsbury was tried on the charge of defrauding a merchant in Chicago, Ill.; a detainer has been lodged against him for the forgery perpetrated by him on a Chicago bank (M).

On July 25th, 1910, a boy attempted to cash a check at a bank (M) in Brooklyn, N. Y., bearing the forged signature of a depositor. When the paying teller observed that there was something wrong with the signature he questioned the boy and learned that he had been sent to the bank by a man who promised to reward him if he succeeded in getting the check cashed. It was arranged to have the boy fol-

lowed as he left the bank, when he was seen to meet one Henry Osman, who was immediately placed under arrest. Osman admitted that he had forged the check in question and is now being held in Brooklyn, N. Y., in \$2,000 bail to await the action of the Grand Jury. He is 25 years of age, 5 feet 6 inches tall, weighs 135 lb., medium build, light brown hair, sallow complexion, blue eyes, smooth shaven, pointed nose.

Mary Benson, whose arrest was reported on page 89, of the August, 1910, Journal, has been sentenced to the Bedford, N. Y., Reformatory for defrauding merchants in New York City with worthless checks.

Louis W. Meyer, whose arrest for issuing worthless checks was reported on page 541 of the June, 1910, Journal, has been sentenced to serve a term of one year in the Essex County Penitentiary, at Caldwell, N. J.

A sentence of one year in the Maryland State Penitentiary has been passed upon John T. Iler, who, as reported on page 553 of the June, 1910, Journal, was arrested in Towson, Md., for defrauding a Cockeysville, Md., bank (M) by means of a raised check.

On page 497 of the May, 1910, Journal, we published a notice concerning the arrest of Emil Noerloef, who defrauded a bank (M) in St. Cloud, Minn. Noerloef has since been given a sentence of from one to ten years in the Minnesota State Penitentiary.

On page 433 of the April, 1910, Journal, a notice was published concerning the arrest of Wm. Riley and Geo. Levy, and on page 87 of the August, 1910, Journal, appears a notice regarding the arrest of Harry Korup. These three men were implicated in a number of forgeries committed on two Chicago banks (Ms). Riley and Korup turned State's evidence when the case came to trial and it developed that they were merely the tools of Levy. They were therefore released on suspended sentence and Levy has been sentenced to serve one to fourteen years in the State Penitentiary at Joliet, Ill.

On page 16 in the July, 1910, Journal, we published an article relating to Giles Billington who forged the endorsement on a check on a bank (M) in Long Branch, N. J. On July 23d Billington surrendered himself to the police of Gloster, N. J., and stated that he was a fugitive from justice. The Long Branch police department was communicated with immediately and Billington has since been taken back to that city. He has admitted his guilt and is being held to await the action of the Grand Jury.

On July 30th, 1910, a party giving the name of J. S. Klugman presented to the paying teller of a bank (M) in Plainfield, N. J. a check bearing the signature of H. T. Clement. The check was cashed by the teller, but when it reached the hands of the bookkeeper it developed that Clement had no account with the bank, and it was evident that in Saturday's rush of business the paying teller had made an error in cashing the check. Two days later Klugman appeared with a second check, signed by Clement, for three times the amount of the check first cashed. The paying teller was now aware that Clement had no account and he therefore caused Klugman's arrest. Klugman explained that Clement had given him the checks in payment of a debt. The following day Clement was placed under arrest and he stated that he issued the checks while intoxicated. Both men were arraigned before Judge Runyon in Plainfield, N. J., and were released in the custody of their counsel pending the action of the Grand Jury.

We publish herewith a photograph of J. H. Hooper, who was arrested last month in Waco, Tex., where he is confined in jail, awaiting trial for an attempt to defraud a bank (N. M.) in that city. Hooper is 27 years of age, 6 feet tall, weighs about 170 lbs., dark hair, dark complexion. He claims that his home is in Baltimore, Md. It is requested that



J. H. HOOPER.

the Protective Department be notified if any member can identify this photograph.

On August 3d, 1910, a man who is said to be William, alias "Billie" Hanie, a notorious convict, train robber and burglar, was arrested in Dillon, Mont., following an unsuccessful attempt to perpetrate a daylight hold-up on a Dillon bank (M).

On August 21st, 1910, the local police of New York City arrested William Lally on the charge of defrauding individuals in Washington, D. C., with worthless checks. Lally has been returned to Washington, D. C., for trial. This is the party who has operated under the name of William Burton, concerning whom an article appears on page 85 of the August, 1910, Journal.



D. L. CAWLEY.

On July 25th a bank (M) in Atlanta, Ga., suffered a loss through cashing a bogus check to which the cashier's O. K. had been forged. The case was investigated by our detective agents, the Burns & Sheridan National Detective Agency, and on July 27th they were successful in causing the arrest in Atlanta of D. L. Cawley, who was taken into custody at the request of, and on information furnished by, the Burns & Sheridan Agency, their local rep-

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representative being present when Cawley was apprehended. Cawley, who is a solicitor of life insurance, admitted his guilt and is now being held to await the action of the Grand Jury. He is 37 years of age, 5 feet 4 inches tall, weighs 116 lbs., medium slender build, florid complexion, smooth shaven, medium chestnut hair. If any member can identify the photograph of this party the Protective Department should be so advised.

ford, was released on bail in connection with the Springfield offense and evidently undertook to renew operations pending his trial. As stated above, Robinson's recent activities were directed against banks (Ms) in East St. Louis, Ill., and Toledo, O., and a bank (N. M.) in Leavenworth, Kans. It has developed that the crimes committed by him against the East St. Louis and Toledo banks (Ms) constitute a misdemeanor, while that committed against the



BEN TERRELL.

In the latter part of July the Protective Department was advised of a fraud perpetrated upon a Cincinnati bank (M) by Ben Terrell, colored, who had forged the payee's endorsement on a pay check. Terrell was traced to Denver, where it was ascertained by our detective agents, the Burns & Sheridan National Detective Agency, that Terrell had secured a position in the dining-car service of the Chicago, Rock Island and Pacific Railroad, operating between Santa Rosa, N. Mex., and Davenport, Iowa. Our detective agents co-operated with the Chiefs of Police of Cincinnati and Davenport and on August 1st Terrell was taken into custody at the latter place. He has since been returned to Cincinnati and is now lodged in jail there awaiting the action of the Grand Jury. He is 39 years of age, 5 feet 6 inches tall, weighs 145 lbs., and is well built.

Should any of our members be able to identify this photograph, kindly communicate with this Department.

On July 27th, 1910, a man approached a police officer in Muskegon, Mich., and attempted to sell a revolver for which he claimed he had no further use. The officer questioned this person and as he could not give a clear account of himself he was lodged in jail. Upon being searched there was found in his possession a bankbook in the name of B. J. Gifford purporting to show a large deposit to the credit of the owner in a bank (M) in Toledo, O. Our detective agents, the Burns & Sheridan National Detective Agency, had the matter called to their attention and a representative from the Burns & Sheridan Agency was sent to Muskegon to interview the party under arrest. He succeeded in securing from this party a confession that he was the B. J. Gifford whose operations are reported on page 37 of the August Journal. Gifford admitted that he had defrauded a bank (M) in East St. Louis, Ill.; a bank (M) in Toledo, O., and another bank (N. M.) in Leavenworth, Kans. Further investigation by our detective agents developed the fact that Gifford was none other than Chas. P. Robinson, a notice of whose operations appeared on page 306 of the January, 1910, Journal, and who was arrested through the efforts of the Burns & Sheridan Agency January 16th, 1910, for victimizing a Springfield, Mo., bank (M). Robinson, alias Gif-



CHAS. P. ROBINSON.

Leavenworth, Kans., bank is a felony. The former carries with it a light jail sentence, while the latter insures the culprit a heavy prison term. Under the circumstances, it was deemed advisable to have Robinson taken to Leavenworth to answer the charge against him there, and to later try him on the remaining charges. Robinson has, therefore, been returned to Leavenworth, Kans., where he now awaits trial.



ARTHUR L. DUNLAP.

On July 27th, 1910, a person giving the name of Arthur L. Dunlap arrived in Marshall, Tex., and called on a bank (M) in that city. He cashed a draft for a small sum and during his short stay made it a point to cultivate the acquaintance of the Vice-President. In the course of his conversation, Dunlap mentioned that he had been sent to Marshall by his father, who, he said, resided in Sedalia, Mo., to se-

secure a tract of land, and stated that he was then negotiating with a local real estate agent for the purchase of a small farm. A day or two later Dunlap returned to the bank and informed the Vice-President that he had made a deal whereby he was going to buy a piece of land for \$1,500, making a down payment in cash and the balance by a promissory note. He also mentioned that it would be necessary to secure the funds from his father, and he desired to know whether he could arrange to have the money sent to him by telegraph through the Marshall bank. The Vice-President stated that he would gladly deliver the money to Dunlap if the bank in Sedalia would send instructions to do so. The following day the Marshall bank received a telegram purporting to come from the Sedalia bank (M) directing that a certain sum be paid to Dunlap. A few moments later Dunlap appeared at the bank with a telegram, which purported to come from his father, containing the information that the Sedalia bank had been requested to notify the Marshall bank to pay him the sum required. The Cashier of the Marshall bank readily complied with the request contained in the telegram, and at Dunlap's suggestion gave him a cashier's draft for part of the amount and the balance in cash. That evening Dunlap left town. The Cashier then became suspicious and upon inquiry learned that the telegraph company had not handled either of the telegrams but that Dunlap had bribed a messenger boy to deliver the telegram to the bank. The case was reported to the Protective Department on August 5th, when it was turned over to our detective agents, the Burns & Sheridan National Detective Agency, for investigation by them, and their representative called on the bank in Marshall that afternoon. Arrangements were immediately made to notify all the banks and the police authorities in a number of cities where it was thought Dunlap might attempt to dispose of the draft which he had received in Marshall. As a result of this Dunlap was apprehended in Oklahoma City on August 9th while attempting to realize on the draft. When he was placed under arrest in Oklahoma City it was found that Dunlap had previously defrauded persons in Muskogee, Okla., and he was accordingly taken there to stand trial. He is now lodged in jail in that city and the Protective Department has since lodged a detainer with the Muskogee authorities, which will insure the return of Dunlap to Marshall, Tex., for the offense committed there. Dunlap is 25 years of age, 5 feet 9 inches tall, weighs 140 to 145 lbs., medium complexion, dark brown hair, blue eyes, smooth shaven, and has a scar which extends from his left cheek bone and runs down to the throat. A representative of the Texas Bankers Association (Austin, Texas) also worked on this case and co-operated with our detective agents.

Should any of our members be able to identify this man, kindly communicate with this Department.

On page 88 of the August, 1910, Journal, appears an article concerning one Howard L. Coombs who recently passed a bogus check on a Nashville, Tenn., bank (M). Our detective agents, the Burns & Sheridan National Detective Agency, traced Coombs to Muskegon, Mich., where, with the co-operation of Deputy Sheriff Ben. Peterson, Coombs was apprehended on July 26th. On investigation it was found



HOWARD L. COOMBS.

that Coombs had also defrauded a Muskegon hotel-keeper with a worthless check. He is now being held in Muskegon on the latter charge, and the Protective Department has had a detainer lodged against him so that he will be ultimately returned to Nashville to answer for the offense committed there.

On July 15th, 1910, the attention of the Protective Department was called to the fact that a bank (M) had been victimized by one Fred Petry, for whom the institution had cashed a bogus check. Our detective agents, the Burns & Sheridan National Detective Agency, co-operated with Chief of Police Temme, of Rockville Centre, with the result that Petry was apprehended a few days later. Petry is now being held in \$500 bail to await the action of the Grand Jury. He is 18 years of age, 6 feet tall, weighs 140 lbs., dark complexion, dark hair, dark eyes, and is a chauffeur by trade.

Our attention has been called to the operations of one Newton R. Dexter, who is described as follows: Age, 38 years; 5 feet 6½ inches; hair brown, tinged with gray; complexion florid; weight about 140 pounds.

Dexter was born near Whitesville, N. Y., attended school at Wellsville, N. Y.; for some time a newspaper man; last known residence was Los Angeles, Cal., where he had an account with the All Night and Day Bank. At present he is located in or about Salt Lake City, Utah.

This party has been drawing worthless drafts on a bank member in Cleveland, Ohio. He is working his friends and business men in Wellsville and Cleveland, Ohio, where he has been issuing checks on different Western banks. So far, no member of this Association has been defrauded through his operations.

Any information relative to Dexter will be appreciated by this department.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE FROM SEPTEMBER 1, 1909, TO AUGUST 31, 1910.

New York, September 1, 1910.

CRIMINALS ARRESTED, CONVICTED, SENTENCED, AWAITING TRIAL, ETC.

Burglars—Special: Arrests up to August 31st, 12. Convicted, 6; released, 3; died, 1; awaiting trial, 2.

Burglars—General: Arrests up to August 31st, 25. Convicted, 9; released, 10; killed, 1; awaiting trial, 5.

Forgers—Special: Arrests up to July 31st, 137; arrests in August, 18; total arrests, 155. Convicted, 72; released, 39; died, 1; escaped, 3; killed, 1; awaiting trial, 39.

Forgers—General: Arrests up to August 31st, 91.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

Convicted, 59; released, 21; escaped, 1; killed, 1; awaiting trial, 9.

Hold-ups—Special: Arrests up to July 31st, 8; arrests in August, 2; total arrests, 10. Convicted, 2; released, 1; escaped, 1; killed, 1; awaiting trial, 5.

Hold-ups—General: Arrests up to August 31st, 6. Convicted, 3; released, 1; killed, 1; awaiting trial, 1.

Sneak Thieves—Special: No pending cases.

Robbers—Special: Arrests up to August 31st, 1; awaiting trial, 1.

Robbers—General: Arrests up to August 31st, 3. Released, 1; awaiting trial, 2.

Arrests—Special Investigations—prior to and awaiting trial on September 1, 1909..... 30

Arrests—Special Investigations—from September 1, 1909, to August 31, 1910..... 148

178

Arrests—General Investigations—prior to, and awaiting trial on September 1, 1909..... 17

Arrests—General Investigations—from September 1, 1909, to August 31, 1910..... 108

125

Total arrests

303

Convicted

151

Released, escaped, killed, etc.....

88

239

Awaiting Trial

64

BURGLARS—SPECIAL INVESTIGATIONS.

August 2, James Grant sentenced to four years in Louisiana State Penitentiary for attempt to burglarize Collinston, La., bank (M).

Awaiting Trial: Thos. Howard, Coal City, Ill.; Custer Gallagher, Dodge City, Kan.

BURGLARS—GENERAL INVESTIGATIONS.

Awaiting Trial: J. Callahan, Milan, Kan; A. Hindglass, Vernon, Tex.; Robt. Huntley, Vernon, Tex.; Harry A. Warner, Vernon, Tex.; Wm. Kellar, Brookland, Ark.

FORGERS—SPECIAL INVESTIGATIONS.

August 20, W. A. Harris arrested in Bluefields, W. Va., for defrauding Atlanta, Ga. bank (M); taken to Atlanta for trial.

July 27, D. L. Cawley, arrested in Atlanta, Ga., for defrauding Atlanta bank (M); held for trial in Atlanta.

July 22, John R. Palmer, arrested in New York for forgery committed on Kansas City, Mo., bank (M); released on legal technicality.

August 11, R. L. Peebles, arrested in Philadelphia, for defrauding Birmingham, Ala., bank (M) with bogus draft; returned to Birmingham for trial.

August 8, Wm. J. Jones, arrested in Indianapolis, for victimizing Claremore, Okla., bank (M) with worthless check; returned to Claremore for trial.

August 15, Charles Troxall, arrested in Burlington, N. J., for forgery committed on Burlington bank (M); awaiting trial in Burlington.

August 11, Chas. McEwen, arrested in Los Angeles, for forging check on Los Angeles bank (M); held for trial in Los Angeles.

August 9, Arthur L. Dunlap, arrested in Oklahoma City, Okla., while trying to cash draft fraudulently obtained from a Marshall, Tex., bank (M); has been taken to Muskogee, Okla., for a swindle perpetrated there and a detainer lodged against him for the offense committed in Marshall, Tex.

July 26, Howard L. Coombs, arrested in Muskegon Mich., for forgery committed in Nashville, Tenn., and for worthless checks issued in Muskegon; will be tried for latter offense, and will then be returned to Nashville for trial.

Geo. W. Fischer, arrested in Dayton, O., for issuing worthless checks, is now serving thirty-day sentence there, at expiration of which will be returned to

Cincinnati for defrauding Cincinnati bank (M) with forged check.

August 1, Ben Terrell, arrested for defrauding Cincinnati bank (M) by forging endorsement to check; held for trial in Cincinnati.

Fred. Petry, arrested in Rockville Centre, Long Island, N. Y., for defrauding bank (M) with bogus check; held for trial in Rockville Centre.

Giles Billington, taken into custody in Long Branch, N. J., for defrauding Long Branch bank (M) by forging endorsement to check; is now awaiting trial in Long Branch.

J. S. Klugman and H. T. Clement, arrested in Plainfield, N. J., in connection with bogus check cashed by Plainfield bank (M); both men now await trial.

August 6, Roy Jacobia, arrested and held for trial in New York City, for attempt to defraud New York bank (M) with forged check.

July 25, Henry Osman, arrested in Brooklyn, N. Y., for attempting to pass forged check on Brooklyn bank (M); is now awaiting trial in that city.

Louis W. Meyer, sentenced to one year in Essex County, N. J., penitentiary for issuing worthless checks.

John T. Iler, given one year in Maryland State Penitentiary for defrauding Cockeysville bank (M) by means of a raised check.

Emil Noerdloef, given one to ten years in Minnesota State Penitentiary for forging signature to promissory note and defrauding St. Cloud, Minn., bank (M).

Geo. M. Levy, given one to fourteen years in Joliet, Ill., Penitentiary, for forgeries committed on Chicago banks (MS). Wm. Riley and Harry Korup, implicated with Levy, released on suspended sentence after turning State's evidence and proving that they merely acted as tools for Levy.

C. E. Hill, sentenced to eighteen months in Federal Prison, in connection with theft of letter containing check which Hill cashed after forging the endorsement; sentence was imposed on Hill for robbing the mails; detainer has been lodged against him for forgery offense.

August 3, H. L. Kingsbury, given three months in Cook County, Ill., House of Correction, for defrauding Chicago merchant; a detainer has been lodged against him for forging check on Chicago endorsement to check on Chicago bank (M).

Chas. P. Robinson, alias B. J. Gifford, arrested in connection with frauds perpetrated upon three banks; taken to Leavenworth, Kan., for trial.

Awaiting Trial: Lewis Eaton, Jr., Buffalo, N. Y.; David J. Simon, Washington, D. C.; Morris Robinson, Washington, D. C.; Irving G. Crocker, Chicago, Ill.; Wm. Knapot, Roanoke, Ala.; Bug. C. Brockway, Chicago, Ill.; Melville Garfield, Indianapolis, Ind.; A. R. Rickey, Seaton, Ill.; Chas. P. Robinson, Leavenworth, Kan.; M. Reischling, Rosedale, Kan.; Chas. M. Meeker, New York City; Wm. S. Richey, Texline, Tex.; John Burns, Roxbury, Mass.; Floyd Koon, Chicago, Ill.; W. A. Leigh, Emporia, Va.; John Studebaker, Seattle, Wash.; Seymour Adams, Netcong, N. J.; John A. George, Grafton, W. Va.; Thos. W. Passmore, Miles City, Mont.; Benj. Reichmann, New York City; Nathan Kindler, New York City; Harry Pommare, New York City; W. A. Harris, Atlanta, Ga.; D. L. Cawley, Atlanta, Ga.; R. L. Peebles, Birmingham, Ala.; Wm. J. Jones, Claremore, Okla.; Chas. Troxall, Burlington, N. J.; Chas. McEwen, Los Angeles, Cal.; Arthur L. Dunlap, Muskogee, Okla.; Howard L. Coombs, Muskegon, Mich.; Geo. W. Fischer, Dayton, O.; Ben Terrell, Cincinnati, O.; Fred Petry, Rockville Centre, N. Y.; Giles Billington, Long Branch, N. J.; J. S. Klugman, Plainfield, N. J.; H. T. Clement, Plainfield, N. J.; Roy Jacobia, New York; Henry Osman, Brooklyn, N. Y.; Clarence Turner, Cincinnati, O.

FORGERS—GENERAL INVESTIGATIONS.

Mary Benson, sentenced to the Bedford, N. Y., Reformatory for issuing worthless checks and defrauding merchants.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Awaiting Trial: W. A. Coutant, Amarillo, Tex.; Fraser Mander, New York; John O'Neill, New York; Chas. Fisher, New York; A. E. Webb, Toledo, O.; T. J. Mowery, Denver, Col.; Wm. R. Pepper, Schuyler, Neb.; Kiehl B. Morris, Haverhill, Mass.; Julius Klein, Brooklyn, N. Y.

August 12, Harry E. Cornell, arrested while attempting to hold up Fond-du-Lac, Wis., bank (M); held in Fond-du-Lac to await trial.

August 3, a man said to be William, alias "Billie" Hanie placed under arrest after attempting to hold up Dillon, Mont., bank (M); now lodged in jail in Dillon awaiting trial.

Awaiting Trial: J. A. Austin, Kiefer, Okla.; W. D. Dixon, Kiefer, Okla.; J. H. Wilson, Canon City, Col.;

Harry E. Cornell, Fond-du-Lac, Wis.; Wm. Hanie, Dillon, Mont.

HOLD-UPS—GENERAL INVESTIGATIONS.

Awaiting Trial: M. Thornberry, Hoffmann, Okla. SNEAK THIEVES—SPECIAL INVESTIGATIONS.

No pending cases.

ROBBERS—SPECIAL INVESTIGATIONS.

Awaiting Trial: H. B. Elliot, Eufala, Okla.

ROBBERS—GENERAL INVESTIGATIONS.

Awaiting Trial: I. H. V. Barkers, Benbow City, Ill.; J. A. Guhman, Benbow City, Ill.

Attacks upon members from September 1, 1909, to and including November 22, 1909, (under former agency, 83 days).....

Attempts.	Burglaries.	Losses.	Total Losses.
5	4	\$1,563.15	

Attacks upon members from November 22, 1909, to and including August 31, 1910 (under Burns & Sheridan, 283 days).....

11	5	16,855.76	\$18,418.91
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Attacks upon non-members from September 1, 1909, to and including August 31, 1910.....

31	50		116,830.37
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Hold-ups on members from September 1, 1909, to and including November 22, 1909 (under former agency, 83 days).....

Attempts.	Hold-ups.	Losses.	Total Losses.
3	2	\$13,202.44	

Hold-ups on members from November 22, 1909 to and including August 31, 1910 (under Burns & Sheridan, 283 days).....

3	1	1,600.00	\$14,802.44
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Hold-ups on non-members from September 1, 1909 to August 31, 1910, inclusive.....

4	3		5,763.00
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DOCUMENTS FOR DISTRIBUTION.

The Association has on hand quite a quantity of printed matter appertaining to the work of the Bills of Lading Committee, which will be sent to such members as may desire same if they will notify this office. This list is as follows:

New Uniform Bills of Lading.

Constitutionality of Proposed Act (H. R. 14934) relating to Bills of Lading.

Pennsylvania Speech—L. E. Pierson.

Little Rock, Arkansas, Speech—Thomas B. Paton, Jamestown, Virginia, Speech—Thomas B. Paton. Oklahoma Speech—Evans Woollen.

Report of Committee to 1908 Convention at Denver, with Appendices.

Report of Committee to 1909 Convention at Chicago, with Appendices.

Proceedings of Joint Bill of Lading Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

A quantity of the following current documents is on hand in the Secretary's office. If any of our members want copies with which to do educational work we will be pleased to send them on advice to that effect:

Report of The Currency Commission of the American Bankers Association.

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers Association, presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation, before The Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers Association of the State of Illinois, held at Peoria, June 11, 1908.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies. Rules and Forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

Address by Daniel S. Remson before the Trust Company Section, September 15, 1909, "Post-Mortem Administration of Wealth."

STATE BANKERS' ASSOCIATIONS, 1909-10.

ORGANIZATION OF SECRETARIES OF STATE
BANKERS' ASSOCIATIONS.

Organized November 13, 1902.

OFFICERS.

W. F. KEYSER, Sedalia, Mo., President.

N. P. GATLING, Lynchburg, Va., First Vice-President.

WM. B. HUGHES, Omaha, Neb., Second Vice-President.

FRED. E. FARNSWORTH, New York, N. Y., Sec. & Treas.

BOARD OF CONTROL.

J. M. DINWIDDIE, Cedar Rapids, Iowa.

W. W. BOWMAN, Topeka, Kansas.

W. C. MACFADDEN, Fargo, N. D.

W. J. HENRY, White Plains, N. Y.

ANDREW SMITH, Indianapolis, Ind.

CONVENTIONS TO BE HELD IN 1910.

Sept.	6-7.	Pennsylvania	Bedford Springs
"	12-13.	Kentucky	Louisville
"	14-15.	Indiana (Vendome Hotel)....	Evansville
"	26-27.	Nebraska	Omaha
"	27-28.	Wyoming	Douglas
"	27-29.	Colorado	Grand Junction
Oct.	3-7.	American Bankers Asso....	Los Angeles
"	26-27.	Illinois	Cairo
Nov.	11-12.	Arizona	Phoenix

STATE CONVENTIONS IN AUGUST.

WISCONSIN.

The sixteenth annual convention of this Association was held at La Crosse, Wednesday and Thursday, August 17th and 18th, at which there was an attendance of about 400.

President E. M. Wing, of the Batavian National Bank, of La Crosse, made his annual address covering many points of interest pertaining to the banking business.

Secretary George D. Bartlett, of Milwaukee, in his annual report, covered very fully the work of the Association during the past year. The establishment of Association headquarters a year ago, with the Secretary devoting his entire time to the affairs of the Association, proved to have been a very wise procedure.

The group meetings during the year have surpassed all previous gatherings. The growth in the membership of the Association is very gratifying; the membership at the present time being 617, showing a net gain of 105 members since the last convention.

The bonding and burglary insurance has increased, the total amount written for the year being \$2,243,500.

The new departments, including the purchasing for members of adding machines, burglar alarm systems, typewriters and other banking commodities.

have been one of the means of securing new members and a saving of a considerable amount to them.

The report of Treasurer B. W. Davis, of the National Bank of Waupun, showed the Association to be in good shape financially.

The addresses delivered at the convention were as follows: "The Law and the Banker," C. H. Schweizer, Attorney-at-Law, La Crosse; "Bank Examinations under Association Supervision," M. A. Graettinger, of the Merchants and Manufacturers' Bank, Milwaukee; "Bank Advertising Specialist," Mortimer I. Stevens, of Milwaukee; "Banking and Commercial Credits," F. H. McAdow, President National Association of Credit Men, Chicago; "Bank Reserves," J. H. Puelicher, of the Marshall and Ilsley Bank, Milwaukee.

The entertainment features were of a diversified character and very enjoyable.

The officers elected for the ensuing year are as follows: President—C. C. Brown, President First Nat. Bank, Kenosha; Vice-President—J. T. Joyce, Vice-President Union Nat. Bank, Eau Claire; Secretary—George D. Bartlett, Suite 311, Caswell Block, Milwaukee; Treasurer—A. H. Grout, Cashier First Nat. Bank, Wausau.

MONTANA.

The seventh annual convention of the Montana Bankers' Association was held at Bozeman on Tuesday and Wednesday, August 30th and 31st. The meetings were held in Elks Hall. President W. G. Conrad, of the Conrad Banking Co., Great Falls, presided. Prayer was offered by Rev. O. P. Bishop. Addresses of welcome were made by Hon. A. G. Berthot, Mayor of Bozeman, and Peter Koch of Bozeman, which were responded to in behalf of the Association by Hon. W. F. Meyer, of Meyer & Chapman, Bankers, Red Lodge.

Following the address of President Conrad, Secretary-Treasurer Harry Yaeger, of Lewistown, made his report, which showed the Association to have advanced in all lines of work.

The reports of the Executive Council and the Committees demonstrated the fact that they had been very active during the year in the interests of the Association and the banking business of the State.

The following are the addresses as given in the program: "Some Experiences of a Country Banker," James T. Wood, of the First National Bank, White Sulphur Springs; "Bankers Conservators of Wealth," W. D. Vincent, of the Old National Bank, Spokane; "What the Agricultural College Is Doing to Develop the Resources of Montana," J. H. Hamilton, of the Montana Agricultural College, Bozeman; "Safeguards," J. S. Pomeroy, of the Security National Bank, Minneapolis; "Factors in the Development of Montana," R. S. Nutt, of the Farmers' State Bank, Sidney. Other addresses were made by J. W. Maxwell, of the Seattle National Bank, Seattle, and John A. Keating, of the Lumbermen's National Bank, Portland.

The entertainment included reception and ball, a sweet pea carnival, trolley rides through the Gallatin Valley, and other enjoyable features.

The officers elected for the ensuing year will be published in the October number of the Journal.

**PROTECTIVE WORK OF STATE BANKERS'
ASSOCIATIONS.**

Texas Bankers Association,
Office of the Secretary.

Austin, Texas, August 16, 1910.

WARNING NOTICE.

The First State Bank of Claude, Texas, reports the deposit of a forged check on 10th inst., by one J. L. Larkin, on the City National Bank of Wichita Falls, Texas, on which they paid Larkin \$50 and placed balance to his credit. Banks are warned against cashing any check on alleged credit balance. He is about 32 years of age; 140 pounds weight, and 5 feet 7 inches tall; has dark hair and eyes; is clean shaven; peaked face with sharp nose, and is rather slow of speech. Was raised near Milan, Mo., and has lived at Stratford, Texas; also has been in real estate and loan business in Western Kansas and Okahoma.

Another member reports one A. L. Rodgers attempting to pass a check in their town for \$25, on the First National Bank of El Paso, Texas, signed "Crawford Theatrical Co., S. D. Long, Sec'y," and which drawee bank reports not good and party unknown. "Rodgers" is 5 feet 9 inches; weighs about 165 pounds; heavy set build; ruddy complexion; hair and mustache sandy color, and hair thin on top; is apparently 45 or 50 years old. Wore dark mohair suit with little red check in it; patent leather low shoes 9½ size; seal ring on left hand; is an incessant pipe smoker. Claims to be connected with a theatrical agency in Chicago.

Wire any information about either of the above parties, to this office, and W. A. Boyd, Cleburne, Texas.

Michigan Bankers' Association,
Office of the Secretary.

Detroit, Mich., August 13, 1910.

BULLETIN NO. 59.

A party giving his name as R. A. Brandt, medium height, about 42 or 43 years of age, wearing a light suit and having a gray mustache, made application for samples of blank checks of a Detroit lithographer on Friday, August 12th, under circumstances that aroused suspicion as to his good faith and the purpose for which he wished to use them.

He may be entirely reputable, but members are warned to carefully scrutinize any checks that may appear to have been issued by such a person.

North Dakota Bankers Association,
Office of the Secretary.

BULLETIN NO. 102.

Fargo, N. D., Aug. 26, 1910.

You are warned to be on the lookout for a remarkably bright and well informed woman about 40 years of age, wears nose glasses, has black hair, brown eyes, represents herself to be a magazine writer gathering information on various subjects and easily gains the influence of those she finally induces to endorse a check or draft which, of course, turns out to be worthless.

Following checks have been lost or stolen:

Geneseo State Bank, demand certificate No. 81, \$86.50, payable to W. Finkenbinder, and No. 82, \$50, payable to Ray Finkenbinder.

First State Bank of Litchville, Certificate No. 2486, \$100, payable to Elias Haarsager.

Thos. C. Riffe, formerly of Ray, North Dakota, has been issuing fraudulent checks. These checks are drawn on one of the banks at Ray, N. D.

Kansas Bankers Association,
Office of the Secretary.

Topeka, Kans., Aug. 22, 1910.

TWO BAD MEN!

\$25.00 REWARD FOR EACH!

H. A. Boruff: On August 15th a would-be crook under name of H. A. Boruff made an unsuccessful attempt to defraud the State Bank of Girard. Fortunately Cashier Schaeffer foiled his game.

Method: Boruff forges a telegram to which is signed name of Oklahoma State Bank, Oklahoma City, addressed to State Bank of Girard, directing bank to pay him (Boruff) \$365.00; pays a small boy on street a quarter to deliver message to bank; calls little later; secured nothing; skipped. Watch for him. Wire this office, collect.

Description: Complexion, hair and eyebrows light; weight about 140 pounds; age, 33 to 35; wore rather light suit; soft, mild talker.

Warning: This man is at large and will unquestionably victimize the first bank that will yield to his methods.

Note: Almost invariably telegram forgers make use, as in this case, of the sending blank and not the form company uses in delivering messages. A telegram delivered on sending form is *prima facie* bogus.

William I. Jones: Age, about 42; height, about 5 ft., 11 in.; weight, about 175 pounds; complexion and hair, medium dark; two joints off first two fingers left hand; nearly all teeth out; for several years promoter of inter-urban railways in Labette County, Kansas; one year at Claremore, Okla.; by trade a carpenter and woodworker.

Deposited fraudulent check \$2,000 in bank in Labette County; drew part of same; left Labette County July 28th. Is at large with pass book in possession showing such deposit; will doubtless attempt to draw against same; if so must operate under name of Jones as account is in that name; or, may abandon this and institute new move under changed name. Wanted at Claremore, Oklahoma, for similar fraud. Watch. Wire.

Texas Bankers Association,
Office of the Secretary.

August 5th, 1910.

IMPORTANT WARNING NOTICE.

A man representing himself as Arthur L. Dunlap, of Sedalia, Mo.; weighing about 150 pounds; 5 feet 7 inches tall; about 25 years old; dark hair; has cashier's check No. 6113 issued by the First National Bank of Marshall, Texas, for \$975.00, which he obtained through fraudulent telegram. There is evidently an organized gang working these telegrams, as they have operated before in the State. Members are warned to be on the lookout for them.

Wire any information about Dunlap to this office and W. A. Boyd, Cleburne.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

Montana Bankers' Association,
Office of the Secretary.

Lewistown, Mon., July 23, 1910.

WARNING.

We are in receipt of advices concerning check raising by a man giving the name of Harley Knipe, described as an American; occupation, farm employee; age, about 27; weight, about 138 pounds; height, 5 feet 7 inches; build, medium; complexion florid; color of hair, light; blue eyes and smooth shaven.

Please be on the lookout for checks signed J. H. Sellfridge, payable to the order of B. O'Connor, drawn on banks in Butte and elsewhere. O'Connor usually cashes the same in saloons. If possible, when such checks are presented detain and wire this office. O'Connor just arrested at Helena.

Montana Bankers' Association,
Office of the Secretary.

Lewistown, Mont., August 3, 1910.

Look out for party giving name of Summerville; described as about 5 feet 8 inches high, weight about 170 pounds, chubby mustache, derby hat, gray coat and vest, black trousers; claims to have office in Chicago to which he wires for funds, attempts to secure advances on such telegrams and other telegrams from this office which we are advised do not appear genuine; claims to be heavy buyer of Canada land. Has full dinner suit in hand bag. Now operating in northern Montana.

Montana Bankers' Association,
Office of the Secretary.

Lewistown, Mont., August 11, 1910.

WARNING.

C. D. for \$350.00, date November 22, 1909, issued to Stolan Stolanoff, by State Bank of Mondak; and C. D. No. 221, date May 31, 1910, for \$200.00, issued by Musselshell Valley National Bank, of Harlowton, to Steve Gaideroff, have been lost or stolen. If presented wire this office.

Colorado Bankers' Association,
Office of the Secretary.

Silverton, Colo., August 6th, 1910.

WARNING.

Banks are warned against one John Ryan, who has recently been operating in the San Luis Valley at Alamosa and La Jara. In one instance which has come to the notice of the officers of the Association he made a draft on L. C. Stebbins, East St. Paul State Bank, St. Paul, Minn., for fifty dollars, having it endorsed by a local business man. The draft was returned unpaid.

His description is: 42 years of age, 5 feet 6 or 7 inches tall, weight, about 142 pounds; Irish, smooth talker, florid complexion, heavy drinker, smooth shaven. Please wire this office if Ryan puts in his appearance in your town.

North Dakota Bankers' Association,
Office of the Secretary.

Fargo, N. D., August 5th, 1910.

You are warned to be on the lookout for a man giving the name of G. H. McMahon, who is described as having been a timekeeper for a Great Northern Railway gang. He has gray eyes, black hair, and

smooth face, wears smoked glasses occasionally. When last seen he wore a blue serge suit and a black derby hat. He has issued a number of fraudulent checks.

We also have advice of a man giving the name of M. E. Jordan, who has worked a clever swindle in Minneapolis, by making arrangements to rent an office in a good locality. He ordered office furniture and paid particular attention to becoming acquainted with people whose office he was near and finally got them to introduce him at a bank where he presented a certified check and wished to open an account. The certified check turns out to be a forgery. From the character of his work and his mastery of details he is evidently an old hand at the game. He is described as 40 to 45 years old, complexion ruddy, eyes blue, hair sandy, wears a mustache short and light brown, dresses very neatly, claims to be a representative of a responsible eastern concern, has the appearance of being a user of a drug of some kind, morphine or cocaine.

We are advised of the theft of blank checks No. 499, 500 and 501 of H. A. Whittier, a railroad contractor at Norwich. The checks already appeared fraudulently executed and payable to R. Al Wyatt.

Please notify this office if any of these parties can be located by you. We are notified that Certificate of Deposit No. 1616 issued by the Gwinne State Bank to Albert Peterson for \$150.00 has been stolen.

South Dakota Bankers' Association,
Office of the Secretary.

Clark, S. D., August 13th, 1910.

WARNING.

One Douglas G. Carter has been passing bogus checks in this State on merchants. His method is to purchase goods and then present a check for more than the amount of the goods. He claims to have an interest in land near Oldham. He is described as follows:

Height, 5 feet 9 inches; weight, 160 pounds; wears 38 coat, very small feet, very small waist; has rather sharp and slightly aquiline nose, other features inclined to sharpness; dark complexion, has scar between eyebrows running towards bridge of nose; I. O. O. F. emblems tattooed on arm, and is well posted in work of said lodge. Is clean shaven, appears to be 30 or 35 years old, claims to be 39. A good talker, inclined to be "windy." Carries old German silver watch with blue open face showing changes of moon, etc., and having three diamonds set in works. Last seen in Iroquois about August 2d. He has also operated in Madison and De Smet.

Michigan Bankers' Association,
Office of the Secretary.

Detroit, Mich., July 28, 1910.

BULLETIN NO. 58.

FRAUDULENT DRAFTS AND CHECKS.

One B. J. Gifford, of Chicago, has swindled bankers in Ohio, Missouri, Illinois, Wisconsin and Kansas, and is said to be now in Michigan.

He is aged 38, height about 5 feet 6 or 7 inches, complexion and hair light, brown mustache, gray suit and hat.

He has tendered Savings passbooks on the Merchants' Bank, of Chicago, and drawn on that bank; he has also used passbooks on the Illinois State Trust Co., of East St. Louis. He generally secures an introduction by a local man, either a lawyer or real estate man, and endeavors to cash drafts on the above banks. Rewards are offered for his apprehension.

Kindly advise this office if anyone answering this description appears at your bank.

Kansas Bankers' Association,
Office of the Secretary.

Topeka, Kans., July 25, 1910.

SOME ADVICES FROM THE PROTECTIVE DEPARTMENT.

ELMER BALLINGER.

Member bank reports that party by this name borrowed money last fall, gave mortgage on property he did not own, skipped the country last spring taking this property with him. Informant thinks Ballinger swindled several other Kansas banks in similar way.

Description: Age, about 22, weight, about 140; complexion, light; build, rather slim.

Members are warned against this man and asked to advise whether anyone answering to this description has moved into your community since the spring of 1910. Should you now have positive information, please wire, our expense.

**W. T. MOORE—ALIAS T. C. WILSON.
E. J. NEAL—ALIAS ED. THOMPSON.**

Member bank advises that these two parties were in Salina, Saturday, July 16th. Moore opens account in bank, depositing \$75.00; issues checks aggregating \$200.00, payable to Neal, Wilson and Thompson; checks cashed or exchanged for goods at various clothing houses.

Moore-Wilson description: Height, about 6 feet 3 inches; complexion, dark; build, broad shoulders, hollow chest, stooping, long arms; has brown mustache; coarse husky voice; bought coat and vest, taking size 42.

Neal-Thompson description: Height, about 5 feet

10 inches; weight, about 185; age, about 35 years; well built; large round face; sandy complexion; bought dark plaid suit; took size 40.

Members will do a kindness by warning their customers. Wire the Association should you learn of any attempt of these parties to repeat the swindle.

The reward provided by Section 9 of the By-Laws is offered in both the above cases.

Kansas Bankers' Association,
Office of the Secretary.

Topeka, Kans., July 25th, 1910.

HEADED FOR KANSAS.

A man with many names has been appearing and re-appearing in Nebraska during the past two years, successfully working real estate dealers and occasionally a banker. Secretary Hughes of the Nebraska Association has been industriously circulating warnings among the Nebraska banks. Through Mr. Hughes we have been advised of the return of this persistent swindler.

He will probably appear claiming to represent a loan company, east or west, or anywhere; will want to appoint you his agent; before leaving he will ask you to cash his expense check; these have usually been for \$26.00 or \$28.00.

Description: Age, 50 to 60; height, 5 feet 5 inches; weight, about 140; hair and mustache, gray; wears glasses; left eye not as wide open as right; rather stooped; bald top of head.

Warn real estate customers; watch for him, wiring this office any information.

"Trust Company Forms" Now Ready for Delivery.

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11 x 14 inches in size—and is for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to Mr. P. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

"Savings Bank Section Book of Printed Forms."

The book is handsomely bound in flexible seal, issued in a convenient loose-leaf style, and comprises over 600 of the most useful and typical forms used by the most progressive savings banks of the country; these forms were selected from a collection of over 20,000 blank forms on file at the Secretary's office, and bound up in about fifteen huge volumes.

The forms are reproduced at one-half their original dimensions, viz., one-quarter of the area. The third edition is for sale to non-member banks at \$18 per copy, and to members of the American Bankers Association at \$12 per copy. Orders will be received and promptly attended to by William Hanhart, Secretary Savings Bank Section, 11 Pine Street, New York City.

National Monetary Commission Publications.

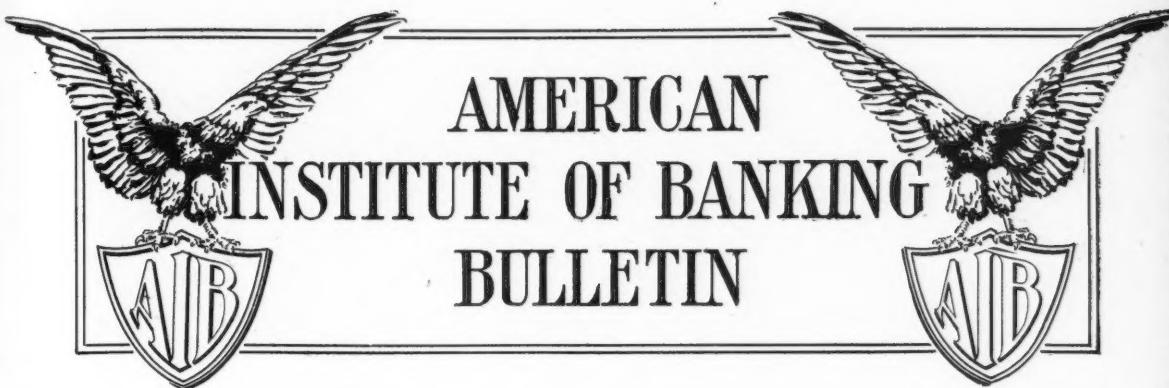
The government printing office has just issued a catalogue giving a complete list of the publications issued by and in preparation for the National Monetary Commission. There are some forty-six books and documents issued by the Commission which cover a very wide scope as to banking and currency legislation in the principal countries of the world, and in many cases for the past one hundred years. As the general offices of the Association frequently have inquiries regarding these publications, any and all can be obtained at a nominal price by addressing the Superintendent of Documents, Washington, D. C. Without doubt a catalogue will be sent on request.

The work of the National Monetary Commission has been very far-reaching and these documents have been prepared by some of the best financial writers in the world, and the information contained therein will be valuable to the Commission in framing a suitable banking and currency law.

Credit Blanks.

There was published in the May issue of the Journal, a description of credit blanks and a questionnaire for use in the credit department of banks, which forms were prepared by Mr. James G. Cannon, of New York City, and reproduced in the Journal mentioned. The prices were also quoted at which they can be obtained in quantities of 250 up to 1,000.

Anyone desiring these forms can send their order to the General Secretary of the Association, who will forward same to the printer, and the blanks will be shipped direct to the purchaser, together with bill.



AMERICAN INSTITUTE OF BANKING BULLETIN

OFFICERS OF THE INSTITUTE.

RALPH H. MacMICHAEL, President, Pittsburg, Pa.....	Mellon National Bank
LAWRENCE C. HUMES, Vice-President, Memphis, Tenn.....	First National Bank
CHARLES H. MARSTON, Secretary, Boston, Mass.....	National Shawmut Bank
RENNIE J. TAYLOR, Treasurer, Savannah, Ga.....	Citizens' & Southern Bank
GEORGE E. ALLEN, Educational Director, New York City.....	Eleven Pine Street

INSTITUTE EXECUTIVE COUNCIL.

1911.

BRANDT C. DOWNEY, Chairman, Indianapolis, Ind.....	Continental National Bank
RALPH H. MacMICHAEL, ex-officio, Pittsburg, Pa.....	Mellon National Bank
LAWRENCE C. HUMES, ex-officio, Memphis, Tenn.....	First National Bank
ALFRED M. BARRETT, Vice-Chairman, New York City.....	Guardian Trust Company
E. A. HAVENS, Providence, R. I.....	Mechanics' National Bank
A. WALLER MORTON, Chicago, Ill.....	National City Bank

1912.

FRANK M. CERINI, Oakland, Cal.....	Oakland Bank of Savings
WILLIAM S. EVANS, Philadelphia, Pa.....	Rufus Waples, Banker
E. C. PHINNEY, Minneapolis, Minn.....	Northwestern National Bank
CARROLL PIERCE, Alexandria, Va.....	Citizens' National Bank
F. L. UNDERWOOD, Chattanooga, Tenn.....	Hamilton Trust & Savings Bank

1913.

GEORGE A. BROWN, Denver, Col.....	Denver National Bank
HENRY J. MERGLER, Cincinnati, Ohio.....	Union Savings Bank
HERBERT H. OWENS, Baltimore, Md.....	Farmers' & Merchants' National Bank
HARRY F. PRATT, Cleveland, Ohio.....	First National Bank

STUDY CLASSES IN INDIVIDUAL BANKS.

Educational Opportunities Offered Through Relationship Between Members of the American Bankers Association and the American Institute of Banking—How Employees of Banks Outside of Chapter Cities May Co-operate in Institute Work—Personal Inspiration and Division of Costs.

The recent arrangement whereby all members of the American Bankers Association become associate members of the American Institute of Banking promises to extend Institute work throughout the country with the double advantage of such inspiration to study as comes from personal association and such division of Institute fees as may result from the formation of study classes among the officers and employee of individual banks outside of Chapter cities.

While the work of the Institute in a general way is understood and appreciated by American bankers there is still some confusion of ideas in regard to specific methods employed. The following re-state-

ment of the three plans of instruction utilized by the Institute may therefore be in order:

Professional Instruction.—In cities containing suitable schools of banking and finance and law, alliances may be made between such schools and local Chapters for the conduct of study classes by profession instructors who may utilize the serial lessons provided by the Institute to such extent as may be mutually satisfactory. Approved instructors are deputized to conduct final examinations for Institute certificates.

Co-operative Study.—In cities without suitable school facilities amateur instructors may be appointed to conduct Chapter class work under the supervision of the Educational Director of the Institute. Amateur instructors thus appointed are authorized to conduct exercises in connection with serial lessons but under this plan final examinations for certificates are conducted from the general office of the Institute. This plan of study is also adapted to class work in individual banks.

Correspondence Instruction.—Individual students

are provided with the Institute study courses for use in accordance with the correspondence method of instruction in which not only final examinations for Institute certificates but also exercises in connection with serial lessons are conducted from the Institute general office. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness.

Professional instruction as conducted in large city Chapters is phenomenally successful, both in the number of students interested and in educational results. Correspondence instruction is more than satisfactory in educational results, but the number of students pursuing correspondence study is not as great as the merits of the system deserve. Co-operative study as conducted in small Chapters during the past year demonstrated not only the practicability of such work but also its popularity and co-operative classes, not only in small Chapters but also in individual banks, is therefore recommended.

In co-operative study, whether in small Chapters or in classes formed among the officers and employees of individual banks, some suitable person is appointed to read the serial lectures and conduct quizzes in connection therewith. Amateur instructors thus appointed are supplied with a key to quizzes for their personal use. Under this plan authority to conduct preliminary and final examinations for Institute certificates is not delegated, but such examinations are conducted from the Institute general office. The co-operative method requires on the part of some local instructor the ability of leadership and from his associates the spirit of loyalty and the genius of work. In thus pursuing the lecture courses the first move is to organize a class and select a class conductor.

The lectures should be read first and the questions in connection therewith given out afterward by the instructor. As such questions have direct relation to the lecture, the class should be able to answer them, but if not, the instructor will find correct answers in the accompanying key. Much interest may be aroused and profit derived through judicious use of such questions and answers. When the time arrives at the end of the course for the final examination (which will be supplied by the Institute) the class instructor should use every effort to get every member of the class to take it. A certain night should be selected, the class brought together and the lists of questions distributed. The answers should of course be written at that time and the papers collected, and returned at once to the Educational Director of the Institute for marking. Much will depend upon the zeal and foresight of the class instructor in making these lectures and examinations a success. The fact must be borne in mind that the lectures are to remain the absolute property of the Institute and are not to be copied or mutilated while in the possession of any instructor or student.

Special attention will be given during the coming year to the Institute course of study in "Banking and Finance," which consists of twenty-five lesson papers and exercises covering the subjects of "Economics," "Production," "Distribution," "Consumption," "Exchange and Money," "Money and Credit," "Credit and Banking," "Banking Functions," "Bank Organization," "Bank Administration," "Bank Accounting,"

"Cash and Cash Reserves," "Clearing Houses," "Bank Examinations," "Collections and Transits," "Loans and Discounts," "Stocks and Bonds," "Trust Companies," "Savings Banking," "Foreign Exchange," "Public Expenditures," "Public Revenues," "Budget Making," "Public Credit" and "General Review."

The tuition fee for the course of study in "Banking and Finance," whether furnished to any Chapter as a whole, to any class in any bank, or to any individual studying alone, including all examinations not delegated to local instructors, is \$20, less fifty per cent. to Chapter members or employees of financial institutions that are associate members of the Institute through membership in the American Bankers Association. Specimen lessons will be sent on application to the American Institute of Banking, 11 Pine street, New York City.

CANADIAN BANKING SYSTEM.

By Christian Bonnet, of St. Louis—First Prize Paper in the Contest Arranged Through the American Institute of Banking by the Eastern Townships Bank of Sherbrooke.

Canadian banks are characterized by the following features: 1. They have large capitals; 2. Their bank note currency is an instrument splendidly adapted to the needs of the country, owing to its security, elasticity and convertibility; 3. They operate the branch system, which, as will be seen, is made possible, in many instances, by their power of issuing notes.

Banking in Canada is under the jurisdiction of the Federal Government. Banks are chartered under the provisions of "an Act respecting Banks and Banking," more generally known as the "Bank Act." No bank is incorporated under a special law. It has been said that banks in Canada have a monopoly; but this is not true. Men of good character and high standing, being no less than five, no more than ten, acting as provisional directors, may draw up incorporation papers for a new bank, the capital of which must be at least \$500,000 divided into shares of \$100 each. In case an act of incorporation is granted by the King, with the advice and consent of the Senate and House of Commons of Canada, the provisional directors must turn over \$250,000 to the Minister of Finance and Receiver General before the bank is authorized to call a meeting of the subscribers who appoint no less than five, no more than ten directors, and name a day for the annual meeting of the bank. The powers of the provisional directors cease at that time. Application is then made to the Treasury Board for a certificate permitting the bank to open for business. The Treasury Board whose duties are much like those of the Comptroller of the Currency in the United States, will issue a certificate, after it has been satisfied that the requirements of the law have been complied with. The Minister of Finance returns the \$250,000 deposited with him, less \$5,000 as a first payment to the redemption fund until the annual adjustment is made, as explained below, and the bank may open for business. Every ten years the charters of all banks are renewed, which gives an opportunity to amend the Bank Act in harmony with the experience of the previous decade. At

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the present time, charters and acts of incorporation are continued in force until July 1st, 1911, when the Bank Act will receive such additions and revision as will seem desirable to improve it.

It is the policy of all progressive and conservative corporations to declare dividends only in proportion of its earnings. In this connection Canadian banks are governed by a special provision of the law. No dividend or bonus exceeding 8 per cent. per annum can be declared unless, after making the same, the bank has at least a reserve fund of 30 per cent. of its paid-up capital, such reserve being calculated after deduction of all bad and doubtful debts.

Canadian banks carry on a general banking business. They have also the privilege of issuing notes payable on demand for circulation. Speaking of bank notes currency in this country, a Canadian writer says: "For denominations of \$5 and upwards it is practically the sole currency of the country. Gold is rarely seen, being employed only for the reserves of the banks." Such being the importance of this fiduciary circulation, it becomes very interesting to study the birth, life, work and death of bank notes in Canada.

Banks may issue notes for \$5 and multiple thereof, up to the amount of their paid-up unimpaired capital. The only exception is for the Bank of British North America, established in 1836 and incorporated by Royal charter in 1840, before the enactment of the present banking law. This bank may issue notes up to 75 per cent. of its paid-up capital only. For all issues in excess of this limit, but not exceeding its paid-up capital, it must deposit with the Minister of Finance an equal amount in cash or bonds of the Dominion. La Banque du Peuple before its failure stood in the same situation. The reason for this restriction is that the Royal charter does not provide a double liability of the stockholders as required from those of the other banks, who, in case of need, are liable for an amount equal to the par value of their paid-up shares.

From its very birth, the Canadian bank note falls under the provisions of the law which tend to make it strong and secure, in order to insure its healthy life and satisfactory performance of its duties and work. Each bank must contribute to a redemption fund to the proportion of 5 per cent. of its average circulation during the previous year. When a bank becomes insolvent (the fact being ascertained by any suspension of payment of any of its liabilities as they accrue, which continues for ninety days consecutively, or at intervals within twelve consecutive months), its notes bear 5 per cent. interest from the date of suspension until the bank announces its ability to redeem them. If the bank has no funds to draw on for redemption purposes, a call is then made on the 5 per cent. redemption fund. In case this fund should be insufficient to redeem all outstanding notes the other banks are called upon to make good to this fund, but their contribution must not exceed in any one year 1 per cent. of their average circulation during the previous year.

Let us see now how the bank notes do the work allotted to them. Before the time of harvesting and marketing the crop, the banks make arrangements to supply their country branches with a sufficient

amount of notes to respond to the needs of the market. At that period there is an enormous inflation of currency which may reach the extreme limit authorized by the law, but never be in excess of such limit, as the bank doing so would incur the heavy penalties provided by the Bank Act.

The farmer delivers his crop to the buyer and, when the bargain is concluded, receives a voucher stating the weight of his products and the amount to be paid for it. This voucher is taken to the nearest branch to be cashed, just like a check. If there is no branch at hand, the farmer has it cashed by the nearest storekeeper, the buying companies having made special arrangements to supply the latter with the necessary amount of notes for this purpose. In this connection we might cite the case of the express companies in the United States, having in small places, as their agents, country druggists or storekeepers, who sometimes handle very large sums of money for their account.

The advances thus made by the banks are guaranteed by the crop in the possession of the buyer. At the time of shipment, the vouchers are surrendered by the banks for the drafts of the shippers with bills of lading attached. This operation is specially authorized by the Bank Act, which provides that a bank may make advances on the security of and take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable instruments. When the crop is exported, foreign bills of exchange are handed to the banks with ocean bills of lading attached. Such documents are forwarded to the correspondents of the Canadian banks at some European financial center. The proceeds of the bills are credited in Europe to the account of the Canadian bank. In the meantime, the latter will sell exchange on London and raise sufficient funds for the redemption of its notes used in purchasing the crop.

Such is, briefly stated, the work accomplished by Canadian notes. In fact, they are fully adequate to the requirements of the mercantile and agricultural community, during the crop-moving season, when much more currency is in demand. This is made possible by the fact that the issue of notes is not hampered by any deposit of bonds as security, so that inflation or contraction is brought about normally by the natural economic conditions of the country.

While the life of Canadian bank notes is well employed, however, it is rather short, and once their work done, they must be withdrawn, as will now be explained.

In the eyes of a superficial observer, the note-currency system of Canada may seem as unrestricted and unlimited privilege granted to each bank. The Bank Act fixes the limit of issue, makes it an obligation for each bank to maintain known redemption agencies in Toronto, Montreal, Halifax, St. John, N. B., Winnipeg, Charlottetown and Victoria, but it does not interfere with such redemption, except in the case of an insolvent bank. This is left entirely to the care of the banks themselves, or more accurately, to the natural laws of competition, so that the notes are withdrawn automatically as soon as their services are no more needed.

An individual, firm or corporation having issued promissory notes, always stand ready to honor their signatures and pay the notes at maturity, in order to keep their credit strong. Such is the case with Canadian banks. Their note issue is practically a loan made by the public without interest. It is quite natural that the banks should endeavor to derive the most possible benefit from this loan. To attain this end, each bank will pay out its own debts with its own notes and present for redemption the notes of other banks. This double current is very active. Notes received at one of the redemption points named in the Bank Act are promptly turned over to the redemption agent. Notes of other banks received at a point where there is no redemption agency are held until they amount to a certain sum, say \$500 or \$1,000; then they are sent out to the nearest redemption city. When there is a clearing house in a city, notes of other banks are cleared the same way as ordinary checks.

Thus is illustrated the likeness of treatment of bank notes and checks of private parties, firms or corporations, all being likely based on the credit of the issuing party. The bank-note, consequently, will not be kept out of the issuing bank's vault any longer than is necessary for its work, exactly as is the case with checks.

The note-currency system and the branch system are parts of a whole closely connected. Canadian banks can afford to establish branches in small places where, except during the crop-moving season, the current of business is rather slow and, under ordinary circumstances, the operating of a branch would be too expensive for the profit accruing. The difficulty is overcome by the banks, because when they establish branches they have no further liabilities, no larger capital to raise and invest. They do not use their specie reserves as a capital for their branches. They simply make a shipment of their own notes to the place where they open their new offices, with a small amount of cash and Dominion notes to be used as small change.

It is plain that under such conditions, branches may be operated on a capital chiefly provided by the notes of the mother-bank, which, after all, is but commercial paper intelligently and profitably employed to facilitate the development of local agriculture and industry.

Canadian banks maintain branches not only in Canada, but in the United States and other foreign countries. They can do it notwithstanding the keen competition they have to meet, and the heavy taxes sometimes imposed upon them by foreign governments, as is the case in the State of New York, where branches of foreign banks are not authorized to receive domestic funds on deposit and a 5 per cent. tax is levied on their earnings.

Another feature of the Canadian banking system is that Government interference in the business of the banks is reduced to a minimum. You will not see, for example, the notes of the banks printed by the Government. The greatest freedom in this matter is left to each bank which may order its notes from any printing company, receive them, issue and destroy them as it thinks advisable in the ordinary course of business.

In the United States, we all know about the com-

plicated and twisted system of reserves established for the banks by our National Bank Act. We cannot refrain from being somewhat surprised at the simplicity of the system in Canada. In fact, there is no system at all. The law does not require the banks to carry any fixed reserve. One bank may find it necessary to hold a reserve of 25 per cent., while another will consider 15 per cent. or less quite sufficient. The bankers in Canada are guided in this by their experience and knowledge of the conditions of business in general, and of the affairs of their institutions. It is true that their obligations are mostly payable at a fixed date and that in case of need they exercise the privilege to pay out their liabilities after notice. There is, however, one regulation of the law concerning bank reserves. The Bank Act provides that 40 per cent. of the reserves held by each bank must be in Dominion notes; but this is simply a forced loan without interest gained from the banks by the Government.

But this is not all. We are accustomed to the periodical visits of our State and National bank examiners, intermingled very frequently with investigations by clearing-house examiners. In Canada, the Government does not have to worry about bank examiners. Examinations are conducted by the banks themselves. They are only required to make monthly returns (within the first fifteen days of each month) of their liabilities and assets, to the Minister of Finance and Receiver-General, under a penalty of \$50 for each day after the expiration of such period. The banks have inspectors, men of high experience and thorough knowledge of the banking business, who do the work of our bank examiners.

Such freedom has seemed excessive and at the present time there are in discussion two plans of bank examination for the time when the Bank Act will be revised next year. In a first system are advocated examinations by the Bankers' Association of Canada. This will be a joint examination substituted for the separate examination as it is now conducted. According to the other system, the books, records and documents of each bank must be examined and audited by a chartered accountant chosen by the shareholders.

With such freedom, Canadian banks are sometimes placed in a very trying situation by their own Government. When the balance of trade with England or the United States is against Canada, the banks cannot pay their debts in Dominion notes, though the latter are readily convertible in gold. They have to pay British sovereigns in England, and American eagles in the United States. When heavy shipments of gold must be made to the United States, the Canadian Government, in order to protect itself, has affirmed its privilege to redeem its notes in British sovereigns, and if the shipments were to be made to England, the Government has paid out American eagles.

Such are concisely reviewed the characteristics of the Canadian banking system. However unlimited may seem the privileges granted to them, it cannot be denied that the banks have contributed to a large extent to the splendid growth of Canada, and that the test of this system has proved to be quite satisfactory.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

INSTITUTE ALUMNI.

What Are Their Opportunities for Future Usefulness?

What is to be the future of the Institute alumni? That is the question which many thoughtful Institute members are considering, and the question is one which should be discussed with the view of formulating some definite policy at the Rochester convention next year. Among specific points which ought to be considered are the following:

1. What elevating influence can alumni exert upon the national organization and its component Chapters and what can be done to promote sound banking principles and practices among bankers and the general public?

2. What plan of post-graduate study can be devised to continue alumni in active Institute work?

3. In what propaganda can the alumni participate with most advantage to the banking business and the best interests of the country?

The foregoing questions must be answered in deeds as well as words if the Institute is to fulfill its manifest destiny. Co-ordination of educational assets is all that is now necessary to make the Institute the most effective organization for individual and public good and the alumni are desirous of being serviceable to all concerned. Ideas are in order from any of the following-named gentlemen who constitute the Institute alumni:

Baltimore—Roland Benjamin, John Broening, Jr., Raymond B. Cox, W. K. Erdmann, James D. Garrett, George P. Gleisner, O. G. W. Levy, Grason Ray, W. Wilson Taylor, George W. Collars.

Bemidji, Minn.—A. G. Wedge, Jr.

Boston—Olaf Olsen.

Butte, Mont.—Geo. T. Watts.

Chicago—Chas. L. Beers, H. L. Benson, Wilbur T. Blanchard, Lester E. Brady, Wm. Brueback, Chas. S. Cole, Harold W. Dorn, O. W. Draeger, Herman E. Ellefson, Joel W. S. Flesh, Paul Foerster, Jr., Robt. E. Hanneman, E. W. Jaeger, Walter L. Johnson, J. R. Julin, Thad. S. Kerr, Frederick L. Lothrop, V. C. McGill, Louis J. Meahl, Walter Andrew Mueller, F. E. Musgrave, Thos. J. Nugent, W. W. O'Brien, Carl Otto, Chas. A. Peterson, Louis Rich, John W. Rubecamp, T. G. Schafrank, J. C. Shirley, Robt. I. Simons, Harry S. Smale, Elmo Stevenson, Frank C. Tank, T. H. Thiese, Wm. E. Walker, Chas. W. Wilson, Ralph C. Wilson.

Cincinnati—Chas. W. Dupuis, H. J. Guckenberger.

Cleveland—Clay Herrick.

Flushing, L. I.—Alfred G. Freeman.

Havana, Cuba—James C. Martine.

Kalispell, Mont.—H. V. Alward.

Le Seuer Center, Minn.—S. H. Whitney.

Milwaukee—W. H. Haase, Otto N. Ludwig, Christie Sherman, Alexander Wall.

Minneapolis—I. F. Cotton, E. A. Ripley.

New Orleans—Victor L. Bernard, Fritz Borgemeister, John Dane, Richard G. Fitzgerald, Harry Hardie, R. S. Hecht, Wm. B. Machado, Robt. J. Palfrey, Frank L. Ramos.

New York City—Keith Lanneau Baker, Alfred M. Barrett, W. C. Becker, J. A. Broderick, F. J. Brown, C. F. Bruder, Jr., Chas. W. Cary, O. H. Cheney, Wm. Clements, W. I. Dey, Chas. Feuerstein, S. K. Fischer, J. M. Harding, Wm. C. Heinkel, Orrin R. Judd, R. P.

Kavanagh, F. I. Kent, Wm. J. Liebertz, J. A. Neilson, G. Lawrence Pegram, T. A. Pyterman, Wm. M. Rosendale, Thos. H. Ryan, Irving V. Scott, Henry C. Steinau, Wm. M. Van Deusen, M. L. Wicks, G. B. Williams.

Philadelphia—E. Leslie Allison, E. F. Benner, Jas. B. Borden, J. K. Cope, Jr., David Craig, Arthur R. Elmer, Wm. S. Evans, Frank C. Eves, Carl W. Fenninger, H. J. Haas, Chas. R. Horton, J. T. A. Hosbach, J. C. Knox, Harry Kollock, Vincent B. Kulp, Chas. T. Patton, A. W. Pickford, Adin P. Rich, John R. Roberts, Thos. W. Smith, Freas Brown Snyder, F. A. Stickney, John H. Wood.

Pittsburg—A. G. Boal, Samuel Carothers, Jas. Carson, A. H. Copeland, B. O. Hill, Alpha K. King, Geo. H. Leitch, Ralph H. MacMichael, Andrew P. Martin, W. E. Palmer, Robt. Patterson, Harry J. Pears, J. E. Rovensky, Samuel M. Shelly, John H. Tawney, John DeM. Werts, D. C. Wills.

Salem, Va.—C. W. Beerbower.

Scranton, Pa.—H. L. Dimmick.

Williamsport, Pa.—Edw. L. Taylor.

Wrightsville, Pa.—Chas. H. Moore.

Zeeland, Mich.—Thos. Keppel.

TRANSIT DEPARTMENT.

By Edward E. Schoeneck, of the Corn Exchange National Bank of Chicago.

The Transit Department is one of the most important departments of a bank, especially in the banks of large cities, and, therefore, it is absolutely necessary to have the best system possible for taking care of the many transactions that daily pass through that department.

Assuming that most banks have the department so arranged that it handles both incoming mail and outgoing items, that is, all items received as cash, it perhaps is well to give an idea as nearly as possible of how all such matters are handled and perhaps a better knowledge may be obtained by starting with the morning's mail and following the work from there on. Before going on with the subject it might be well to state that in order to have a thorough knowledge of all the work as outlined and for the bank's best interests the only way to handle the incoming mail and the collecting of transit items is to handle these in one department. The clerks become more familiar with all arrangements and the correspondent banks will receive better service.

After the mail arrives from the postoffice, where it usually is received by a special messenger from each bank, it should be so arranged that it should then come under the supervision of the Messenger Department in charge of a Head Messenger, who should see to it that it is properly assorted by keeping out all personal letters, then separate large and small letters, which, in turn, will be delivered to the Transit Department. All large letters or letters with many items, should be taken care of first, then follow with the miscellaneous small ones. Clerks should be especially trained to sort this mail after it is opened by the Messenger Department and here is where the Transit Department steps in and assumes its part of the work.

It requires close attention to these letters, and

where the bank has a large amount of mail daily, the same must be assorted carefully and correctly by the clerks in the Transit Department, so that it will be received in a prompt manner by the Collection Department, Discount Department, transfer of funds, shipments of currency, remittances for credit of correspondent banks and returns for items sent from the Transit Department, etc.

These clerks should be educated to know the country accounts, so that when sorting the mail, they are able to pass upon it intelligently, but all matters of doubt should be referred to the head of the department and he or his first assistant, should see to it, that all letters which contain items on which exchange must be charged, should receive the proper attention and a debit ticket should be made for all charges. The debit tickets should be handed to clerks that advise the credits and they should advise the amount so charged, checking each debit with the letter on which the exchange is charged, then at the close of business each day, the total amount of debit tickets can be credited to the Exchange account. It facilitates bookkeeping to charge the exchange by ticket instead of deducting it from each letter and the correspondent bank can check their statements without trouble. Some banks prefer to have a monthly statement of their charges and this can easily be taken care of by having a certain clerk look after such arrangements.

As soon as each assorter has a number of cash remittances ready, they should be delivered to clerks to check, and these clerks should so mark their letters that as few figures as is only necessary will have to be used by the clerk that has charge of what may be termed the in-mail box. For example, one letter may contain a mixed lot of checks, say five or ten on New York City, ten or more on Chicago, and perhaps a few outside checks, some currency or coupons, and also city cash collections. To illustrate this further a chart is given which gives the idea more clearly:

N. Y.	:	:	:	:
S. H.	:	:	:	:
Tran.	:	:	:	:
Col.	:	:	:	:
Cy or Coupons	:	:	:	:
Total	:	:	:	:

This can either be arranged by having a stamp made to put on each cash letter as it is handled by the checker, or a small slip attached to each letter, will answer the purpose. Each checker can make up the totals by first running the amounts on an adding machine, then transfer them to this "make up" slip for the convenience of the clerk that has charge of the "in-mail" book. It is well to have your correspondents so instructed wherever possible that they will separate their items, i. e. the Clearing House checks and the out-of-town items, so that when the remittances are received, all that is necessary is to put the total on each package, charge to the proper department and they are obliged to prove all such packages. After the packages are proven, then take a recapitulation of the package totals and this will tell if they have been run off correctly. A machine is now on the market which assists in proving the packages by having the grand total ready when the last package has been proven.

As the "in-mail" book takes all the cash remittances after they have been checked by the checkers this work is best illustrated by the form as follows:

Debit	C. H.	C. H.	New Transit	Transit	Note
	Singles	Packages	York	Singles	Packages
					Teller
					Credit.
Gen'l Nat.Bks.					Nat.Bks. Bk.&Bkrs.
Bks. A. to K.					L. to Z. A. to K.
					L. to Z. Dfts. Exch.

The "in-mail" work should be balanced according to lots or batches, say any number one to five or more, which would enable you to locate a difference in a very short time. After each department has balanced with this clerk, he then takes a trial balance and if the figures agree, slips can be filled out and the figures turned over to the Note Teller, or Transfer Teller, as follows:

Mail Debit.	Date.	:	:	:	:
Clearing House.....		:	:	:	:
New York.....		:	:	:	:
Remittances (transit).....		:	:	:	:
Remittances (transit).....		:	:	:	:
Note Teller.....		:	:	:	:
Currency		:	:	:	:
Coupons		:	:	:	:
		:	:	:	:
Total		:	:	:	:

Mail Credit.	Date.	:	:	:	:
General Books.....		:	:	:	:
Nat'l Books A to K.....		:	:	:	:
Nat'l Books L to K.....		:	:	:	:
E. & B. Books A to K.....		:	:	:	:
B. & B. Books L to Z.....		:	:	:	:
Country Individual Accts.....		:	:	:	:
Drafts		:	:	:	:
Exchange		:	:	:	:
		:	:	:	:
Total		:	:	:	:

In Transit Departments where both incoming and outgoing mail is handled, there should be clerks to handle all cash "charge up" items returned unpaid, transfers to New York and other cities, advising shipments of currency, as well as remittances to banks for items received for collection from banks that have no regular account on the books. These clerks can arrange to advise all credits received from correspondents, after they have been entered on the books by each bookkeeper, who receives the credits from the "in-mail" book previously mentioned.

It is necessary to have some card of record of the terms with each correspondent bank and a card with this information already printed on, gives a clerk an idea of what to follow. After the account has been opened the information necessary can be added to that already on the card and on the reverse side a memorandum can be kept of special agreements, but all letters pertaining to these arrangements should be kept in a special file for that purpose. It is also well to know what your correspondent banks

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are charging and a card with the itemized rates will be found useful. In fact, the card system has been found a most important part in the keeping of records in a Transit Department and is referred to frequently. This does away with trying to keep records with too many different clerks or in books where the information is not always readily accessible.

In most large banks it is so arranged that a certain clerk is given charge and perhaps is called the Manager. He must see to it that the work is divided among his many assistants so that no part of the book work is to be done by him; he should have the power of making terms for handling his items, must constantly be on the lookout for new arrangements that would benefit the bank, must arrange for the par points to be given to the bank's correspondents, must see that all large items are given special attention and especially cost items, he must endeavor to obtain special rates on the same. He must also educate his assistants to handle this part of his work and must have at least one clerk who may be called his first assistant, trained so that the work of the bank or department will not be dependent upon one person only. This rule should be applied to each and every member of the department and each clerk should have a set of rules or instructions pertaining to his work, so that a change can be made at any time without inconvenience.

The foregoing gives an idea of the general routine of the work before we take up that part of the department which will now be outlined after the "in-mail" clerk sorts his transit items. You will notice on a previous chart that they are listed so that the packages are in one column, singles in another.

In the department there should be a clerk called "scratcher" man, who receives these items from the mail book and after listing the packages, they are proven as previously stated and as each package is ready, it is delivered to the "Head Router" and it is here where a most important part of the work of the handling of the outgoing items commences. The Manager of the department should arrange it for this clerk so that he can assort his items in the best manner possible; and while some banks arrange the sorting of their items by lists, a very good way is to copy the lists of your correspondents into a book, using a bankers' directory specially made for that purpose and by this method it does away with having to look after too many records perhaps kept in different places. When obtaining lists from your correspondent banks, you should ascertain what points are handled direct by them and what indirectly and this information should show in the book mentioned. You agree upon certain marks for a "direct" point and when not marked the point will be considered "indirect." When referring to this book you will readily find whether it would be to the bank's interest to route indirectly a very large item, and it perhaps would be well to give instructions to the Head Router not to send items in that manner when over a certain amount. New lists should be received from your correspondents at certain intervals, so that the records would be up to date.

The Head Router should have a desk or table so arranged that the items could be assorted in different boxes and he should have sufficient time to enable him to assort his items correctly.

The work should be arranged in sets, so that, for example, all items that go to correspondents in large

cities where accounts are kept, are in charge of a clerk and the work, which is of sufficient quantity, will indicate that large letters are necessary. This work can be done on machines which are specially built for that purpose, such as a Remington typewriter machine with Wahl adding attachment, Elliott-Fisher machine and others. The Burroughs Adding Machine Co., are advocating the handling of transit letters on their machine, by using the number system for endorsements and the number system for the drawee, for items on banks in large cities, i. e., large letters.

It is well to have the work so arranged that each clerk receiving a certain amount of items is charged with that total, so that he can balance his work independently of another. This can be arranged according to the amount of work each bank handles and if the volume of business is large, the work can be so fixed that one or more states can be divided according to the amount of business on each state, and this will assist the Head Router in knowing just where to sort his items. The items are assorted according to the town by the alphabet by some banks, but this can be worked out very easily according to the way each bank prefers. This applies principally to that part of the items for which the banks remit by draft. All "charge up" items can be sorted to clerks who have accounts that allow banks to charge items to their accounts, and this can be divided by calling the divisions say: "National charge up accounts," "Banks and Bankers charge up accounts," and would be arranged in sets according to the number of bookkeepers in each bank. These can be run on books of small letters which are carbon copy, say twenty letters or more to each page, using a number for banks that remit for items and for all small "charge up" letters of same size it is not absolutely necessary to have the number system, the date is sufficient in tracing an acknowledgment.

All "large" letters that banks allow to be charged to their account, can be handled on the large machine sheets just previously mentioned.

After receiving his checks each clerk should make a list of them on the adding machine before sorting them to charge to his correspondents on his set and keep adding to his list after he has assorted the first lot. The sum of all these lists must agree with the totals of the letters and he will know his work has been balanced each day. Then each clerk should give the totals of his lists to a clerk in the department who should have charge of what may be called a "proof scratcher" and the sum of these lists on his scratcher should agree with the total amount charged to the other scratcher, which is a proof on the work received from the mail book and tellers. The "proof scratcher" should see to it that figures are then turned over to the general bookkeeper representing the total of the work handled in the department for the day.

Some banks handle as cash a large amount of drafts with Bills of Lading attached. These are handled in the Transit Department and if the volume of business is sufficiently large, a special book can be used to record each draft, so that full costs can be recovered, i. e., exchange and interest for time drafts were outstanding over a certain number of days.

All work in the department should be carbon copy. Many banks throughout the United States have

their work so arranged that practically all of it is done by machines previously mentioned.

Banks are continually on the watch for systems that will improve the work in this department and it is safe to say, that there is no department in a bank that requires as many changes, as the Transit Department and usually the new innovations are an improvement, so that the department is bound to be one of the best in a bank, when properly managed. There was a time when the work was done by pen and ink and copied in a copy book. Registers were kept and in many instances, banks kept a complete record of each check. The changes that have been made certainly are wonderful.

The work of transit clerks is best illustrated when you consider that he must see that his items are sent to the right correspondent, he must see that the proper instructions are entered on his letter, he must watch to see that all items are endorsed correctly. Some banks have clerks whose special duty it is to endorse the items. Some endorse them "Pay any bank or banker," etc., and many prefer to endorse them to the bank sent to. The latter is the proper way and does away with the question of a qualified or restrictive endorsement.

The transit clerks must also see that all items are paid or advised promptly, and if not, notify the customer; should balance his outstanding or unpaid items regularly and also trace those not accounted for, collect interest on overdue drafts and watch for other similar matters which may occur from day to day.

It is well to keep a record of the number of checks each transit man handles, this gives you a good idea of the amount of business transacted and the information proves very interesting from year to year.

As each clerk should balance his work separately as previously stated, a special book should be kept by the Manager of the department or his assistant, of the amount each clerk has outstanding and the totals in such book should agree with the amount outstanding according to the total on the general books.

Some banks have their work so arranged that when the letters are ready to be sent out, they are delivered to the messenger department and under the direction of the Head Messenger he has the clerks in his department handle the outgoing mail by allotting a certain number of letters of the alphabet to each man according to the volume of business. By this arrangement, they are able to enclose items from the different departments, all in same envelope when intended for a certain bank, thereby saving quite a sum to the bank in postage, and at the same time have the mail in such shape so that it can be handled by the correspondents in a more satisfactory manner than if they were to receive probably half a dozen or more letters from a bank daily, especially where banks in large cities deal extensively with banks in other large cities.

ENCOURAGING THE INSTITUTE.

Annual Prizes Offered by the Washington State Bankers' Association.

At the recent annual convention of the Washington State Bankers' Association, P. C. Kauffman, a

staunch friend of the Institute and a consistent supporter of education in general, introduced the following resolution, which was unanimously adopted:

"RESOLVED, That the executive officers of this Association are hereby authorized to offer a first and second prize in the sums of \$15 and \$10 respectively, for the first and second best essay by a member of one of the Washington Chapters of the American Institute of Banking upon some financial subject to be selected by said executive officers, who shall also be authorized to fix the terms and regulations to govern the said contest."

A resolution was also adopted authorizing the officers of the Association to set apart annually the sum of \$25 to be awarded as a prize to that student of the senior class of the University of Washington taking the economics course, who shall submit the best essay upon some financial or economic subject, to be selected by the said executive officers, who shall also prescribe the terms and conditions. The resolution also provided like prizes for Whitman College and the State College at Pullman, provided said institutions have a course in economics in their curriculum.

CORRESPONDENCE INSTRUCTION.

Advantages of Personal Attention.

The Institute course of study in "Banking and Finance" is perfectly adapted to the correspondence method of instruction as well as to class work in Chapters and individual banks, and bank officers and employees are urged to familiarize themselves with this important feature of Institute work. In the correspondence method of instruction the exercises provided in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Students are privileged to ask incidental questions and special letters are written to overcome individual difficulties. Average students get little benefit from books alone. What most of them need is a teacher to direct them and to encourage them and to drive them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness and thought. The tuition fee for the correspondence course in "Banking and Finance," including text-literature, sectional exercises conducted from the Institute general office, and final examination for credit toward the Institute certificate, is \$20, less fifty per cent. to chapter members or employees of financial institutions that are associate members of the Institute through membership in the American Bankers Association. Specimen lessons will be sent on application to the American Institute of Banking, 11 Pine street, New York City.



INSTITUTE AIB CHAPTERGRAMS

SYMPOSIUM AT CHATTANOOGA.

An Interesting Feature of the Institute Convention— Practical Presentation of the Problem of Exchange Charges in the Collection of Country Checks.

One of the most interesting features of the Institute Convention at Chattanooga was the symposium conducted by Raymond B. Cox, of Baltimore. Several practical subjects were on the symposium program, but the chief topic discussed was "The Problem of the Exchange Which Arises in the Collection of Country Checks."

GRAY WARREN, of the First National Bank of Minneapolis, started the discussion in a thoughtful address in which he said that theoretically and historically, reasonable exchange charges are the most legitimate charges that can be made by a banker, interest not excepted. At the present time, however, while interest charges have come to be generally accepted, and no effort expended to avoid legitimate interest charges, bankers and individuals generally use every effort to avoid any sort of an exchange charge. We all think it is the proper course to take, because everyone else is apparently doing the same thing. Items are routed around Robin Hood's barn in order to avoid an exchange charge, and we all pride ourselves upon the size of our Par Lists. Charges being composed of such small amounts, largely composed of ten cent items, we have lost sight of their aggregate amount, and it is the common practice to offer inducements to secure or increase business that, if an analysis were made of the expense incurred in handling the items, would be shown to be not justified.

I would say that charges of exchange on country checks are becoming heavier every day. This is largely due to the increasing number of banks that are refusing to par items drawn on themselves or their locality. They contend that the individual or corporation, by issuing their own checks and remitting them to the financial centers, avoid paying the exchange charged on bank drafts, while the banks are forced to furnish the exchange and incur more expense and labor in the transfer than they would if they simply issued their draft to the individual or corporation. Rather a just plea, is it not, why the same charge should be made for remitting for their customers' checks as for issuing them a draft for like amount? Of course no one defends an exorbitant exchange charge, any more than they would an exorbitant rate of interest. We sometimes find that where there is only one bank in a town, and not much business for that, they are inclined to make their dividends from exchange charges. Thank fortune, they can get to only a certain height, owing to the

possibility of collecting them in cash through express companies, or there would be no limit to charges on checks. We all, no doubt, know of cases where, when items have been drawn "With Exchange," and still a charge been made, and in consequence the polite question asked, "Have you not made a mistake?" the terse reply is received of "We pay no attention to 'With Exchange' on items." Again asking at what rate they figure their charges, and receiving an answer which translated means, "None of your business. We charge what the business will stand." Of course these are exceptions, and must be handled as best we can.

One trouble with the exchange charge is that everyone tries to avoid it, no matter how small it is. The country merchant sends his check to the city in order to avoid paying exchange for a bank draft. The city merchant or wholesaler, in order not to offend his country customer, accepts the check without deduction or charge, and endeavors to throw the burden on his bank. His bank, in order not to offend the wholesaler, assumes the burden and endeavors in every possible way to unload the cost on some other bank. This has been the practice to a considerable extent until quite recently.

You know the banking business is a very conservative business, and any change in method or practice will be a work of time. If the business man should, in this day and time, conduct his business as some of the banks who loan him money do theirs, there would be a serious curtailment of his credit. The bank's business has grown enormously, and no system of cost accounting has been installed in order to determine what it costs them to handle different items, particularly country checks. On this account, very often foolish and costly arrangements are made as to handling them. Yet these same banks would be the last who would think of paying high rates of interest to secure business.

A professor of economics from one of our universities, who was making a study of the country check problem, and the cost of handling such items, particularly in relation to the currency questions which it so largely affects, told me not long since that there were not over twelve or fifteen banks in the United States that could tell what these items cost them to collect, or what proportion they received for collecting them. They had some answer, true, but it was merely an estimate—a guess, in fact—and I would say that, unless there is a complete cost system installed, any estimate based upon the exchange account on the general ledger is worth practically nothing as a guidance, particularly where upon investigating it is found that the exchange paid country

banks on checks amounts to from \$75,000 to \$100,000 yearly, and this is not an unusual amount for the larger banks to pay. That the professor made no rash statement when he said there were comparatively few banks that really knew the status of the country check is shown by the fact that he wrote prominent banks in the financial center and metropolis of each State, besides visiting a large number with the officers of which he was personally acquainted. I would say, however, that I think within the last year bankers generally are becoming wider awake in the matter, and while they have not gotten over routing checks so they pass through the town on which they are drawn three times before finally stopping on the fourth trip for payment, still they are trying to save themselves loss by collecting at least the actual money paid out as exchange charges. I think we will all admit that it is only fair that the bank should be reimbursed for the actual outlay for exchange charges, and that they are fully carrying their share of the load when they bear the overhead charges of postage, stationery and clerical help.

In years gone by, in all lines, the hue and cry has been for volume of business, and he who was regarded as the most valuable man for any line was the one who could secure the business—the salesman, if you please. This is even true at the present; but the time is coming, if not already here, when he who by installing systems and keeping close track of the business as it is, by saving his institution or employer money that has hitherto been wasted, by cutting down the cost of doing business, will reap his reward and be regarded as valuable as the other, if not more so.

CHAIRMAN COX—Gentlemen, we would be glad, as these different gentlemen talk, if you would take a few memoranda and ask them questions when they are through.

I might correct a false impression that I have probably made. We did not predict that we could get away from the exchange charge, or that we could get away from the unfortunate conditions which arose over the exchange charge. But there must be some improvement over the present conditions, which every one admits are most unsatisfactory, if there is no complete remedy and it is through such awakened interest as this discussion may cause that improvements are most likely to be instigated. New England has probably got the matter in hand better than any section of the country; and we have with us to-day an able representative of that section, Charles H. Marston, who will tell us something of the New England system.

CHARLES H. MARSTON—Let's get back, in the first place, to the conditions which prevailed before this exchange charge question ever came up. I think that those who can remember back—I cannot remember myself—to the time, perhaps thirty years ago, when you will recall that they never took a check outside of the larger cities. Even then, it was not taken on deposit; it was taken for collection only, and that amount collected credited up to the party who deposited it.

That is really the safest and most sensible way to handle this question. If you took every country check that came into your bank, and entered it for collection (that would make a vast amount of work, by

the way), and did not credit it until you had the real money to do business with in your bank, it would solve the whole question. In that case, the charge would revert to the man who made the check, where it properly belongs.

I think the correct position to take in this matter is that the check presented through the mail should have the same treatment as the check presented over the counter. Why not? The check is a check for so much money on that bank, and why should they deduct a certain amount of money out of that check for the remittance of it, other than, we will say, a fair amount for the deposit of the exchange, where they remit for the items?

Nobody would say that ten cents out of a \$15.00 check was a fair amount to take out for eastern exchange. The amount runs anywhere from one to 2½, I think; and there are very few localities where eastern exchange ever gets to such an exorbitant rate as that. The balance goes to pay the salaries of the institution, and should be taken from the man who draws the check, not the man who is unfortunate enough to have the check to deposit.

Now, along this line the Boston Clearing House was the pioneer in trying to do away with these charges. Previous to the formation of the Boston Clearing House the conditions in New England were very similar to those throughout the country at the present time.

Various arrangements were made with the different country banks for the payment of their checks. Some of them would send in their remittance once in ten days. So that, in order to overcome this matter, and get the checks remitted for immediately on receipt, and to do away with all exchange charges, the Boston Clearing House some years ago instituted its plan.

The fundamental idea was to have one letter from the Boston Clearing House go to each bank in the New England district; this letter containing all the checks on that one bank from all the banks in Boston—that is, all the Clearing House banks. It has been a great success, and I think there are only about sixty banks out of the 1,000 or so in New England who have not come in, and who remit for the checks on the day of receipt of the Clearing House letter.

Of course, those banks did not like to give up their exchange charges, and the time of the balance which they practically had from all the banks on their books; and they had to resort at first to some forceful measures, and in many cases the checks were sent by express. This one letter from the Clearing House was sent by express to the banks; and that usually brought them to terms.

Almost all of the large points in New England are with us, with the exception of some on the outside edges, in northern Maine, northern Vermont and New Hampshire and southeastern Connecticut. Those are gradually being eliminated, one at a time; and I think, before very long, we will be able to have all New England with us.

Now, there is another side of the question I would like to touch on in passing. It does not seem fair for New England to remit free, and for all the rest of the country to collect for their items. It is hardly a square deal. That is just in passing.

THE CHAIRMAN—Gentlemen, going to the ex-

treme, we have with us to-day W. R. Beck, of the Fourth National Bank of Atlanta, Georgia. It seems that they have troubles of their own. They handle them in a different way. We would be glad to hear from Mr. Beck.

W. R. BECK, Atlanta, Ga.—With reference to the problem of the exchange charge which arises in the collection of the country checks, I shall not endeavor to justify the enormous amounts which some of the banks charge in the collection of these country checks; but I do wish to convince you that a certain reasonable amount should be charged, in order to reimburse the banks for handling those items.

Money and credit may be bought and sold just as merchandise; and the same laws of supply and demand govern the fluctuations in the value of both. Articles of merchandise increase in value when there is a scarcity of the article, on account of a limited supply of it, or on account of an unusual demand for it, and vice versa.

In like manner, our mediums of exchange become more valuable when there is an insufficient amount to properly meet the requirements of commerce.

In the fall of the year, our Southern banks must draw millions of dollars from the North and East, in order to supply the cash necessary to move our cotton crops. In the winter and spring this cash goes back to these places through various channels. In the winter our merchants go North, to replenish their stock of goods; while the spring gives the signal for the moving of a vast multitude of tourists.

As both business and pleasure require financing, our banks ship back the accumulation of cash to their New York banks, there to meet the exchange on New York.

This constant shipping of currency and silver back and forth is very costly; and it is upon this largely that our exchange charges are based.

In order that I may be more fully understood, we will say that a Chattanooga bank accepts so-called country checks from its depositors. These checks are sent to the bank of the drawer, with the request that they be remitted for in New York exchange. The drawee bank has an account in New York, which they maintain there by the shipping there of currency, say at the rate of \$1 per \$1,000; and silver at the rate of \$2.50 or \$3 per thousand.

So, therefore, they cannot afford to remit for those items of New York exchange without a charge. But the only recourse which a Chattanooga bank has for the expense in handling these items is its customer.

Let's see if the customer should be charged with this expense. He receives credit for these items at once, and is at liberty to use those funds immediately; while the bank must wait anywhere from three to five days before realizing on them.

This is, therefore, equivalent to a loan; and where a customer is depositing these items every day, he is constantly using the bank's funds for his own benefit to the amount of his outstanding items.

There should be a charge for it. It is undoubtedly true that this exchange charge is largely responsible for the circuitous routing of the checks. And, as the charge is correct, we should pay for it.

I have heard suggested a plan which, if carried out, would help the situation materially. There are

a number of sub-treasuries over the United States, with only one, I believe, in the South—in New Orleans. We are, therefore, greatly removed from the bases of our money supplies, which are all-important to the successful upbuilding of our country. This distance from the money centers of the world is the cause, as I have already explained, of the expense of the shipping of currency back and forward.

These sub-treasuries do, and always must, carry an immense amount of currency. They do not, therefore, charge for their sub-treasury orders drawn from one sub-treasury on another; and if there could be a sub-treasury located in each city, the cash transfers all over the country could be made through those sub-treasuries.

For example, if a bank wishes to replenish its account in New York, they simply hand their check over to the sub-treasury, receiving in return a check on the sub-treasury in New York.

It seems to me this would enable the banks to send their items by a more direct route, and reduce to a minimum our exchange charges.

W. O. BIRD, Denver, Col.—I would like to suggest to the gentleman who just spoke that his scheme would, if carried out, effect something that we would all like to have—the expense of shipment of money thrown upon the government.

MR. BECK—In reply to that, the government is enabled to ship money back and forth at about half the cost to the banker. So, then, it seems to me it would be an economical thing to let them do it.

JEROME THRALLS, Kansas City, Mo.—I did not expect to talk on anything like this when I came over here; so I have no notes prepared, or any set speech. But the talks made by the gentlemen here have brought to my mind some things that are in effect in Kansas City which I believe would be adaptable to all the larger cities throughout the country.

Now, we have conducted a country clearing house under the same system as suggested in Boston since the year 1905. But we have gone a little further than the Boston people, having had a considerably different class of territory to deal with.

When we start business with any bank in our section, we send out a card or letter, requesting that bank to make us a statement of their business and to give us a list of their stockholders and directors; and, in fact, we go right into the bank and get a statement of their business. And the clearing house serves as a bureau for our clearing house members. There are eighteen members of our clearing house, and we keep in constant touch with each other; and, if any of our correspondents are weakening in any way, they notify me immediately.

Now, the banks who formerly remitted in ten to fifteen days remit in four days. Take the State of Oklahoma, when we started in with our plan in Kansas City, the average cost on that territory was something over thirty cents per \$100. Now we have reduced that cost, in five years' time, from thirty cents to less than ten cents on the average.

When we started out we took only the roughest banks in the territory, the fellows that made the heaviest charges, and started in using the express companies; and after a few weeks of that practice, we bled them of all their currency and silver. So,

of course, the expense of constantly shipping that away drove them to remit at a lower rate.

At the outset, it was our intention to do as Boston did, and to work at par terms; but it was seen that our work was so heavy that we could not handle it on the same basis Boston does. The territory covered by the Boston clearing house is very limited, and the cost of the transfer of funds is not what it is out in this western country.

Now, we always figured that, where a bank charges us just about what the cost of the transfer of funds is, he has done what is proper; and we should, of course, in reality, look to our customer for that amount of money. But, on the other hand, the bookkeeping involved in making records, the number of clerks required to perform the clerical work in charging these exchange items back to the customer will almost offset what it would be if they were remitted at par; that is, when you consider the items the city bank handles for the country bank.

When you consider, though, the territory over which these items are handled at par, it seems nothing more than right that they should do it for us. Taking the charge that they make against the city bank in a year, and the charges that city bank would make against it, and one will just about equalize the other.

Now, we have worked out Oklahoma very successfully, and now have 150 par points in that territory. Before we started in, I don't believe there was a bank in the territory remitting for less than 25 cents. We have handled Kansas in the same manner, as well as Nebraska. We are going into Texas and Arkansas; and, later, we expect to extend the territory out until it covers any area you care to take in.

In the matter of Bureau of Information, our auditing department which we established in Kansas City brought about an analysis of practically all of the country bank accounts; and in analyzing those accounts we found that we were handling many of them at a dead loss. There was one account with an annual balance of \$75,000, which, when it was analyzed, it was found had never paid the bank one penny of profit. The least amount of loss on the accounts was \$1.26, and the heaviest account was \$75 for one month.

We then set about trying to devise some method of recovering some of this money lost in exchange charges; and, in figuring up what our actual loss was, we figured that Kansas City lost \$500,000 a year on the matter of exchange charges. If our little city lost that much, St. Louis, who was paying a higher rate in the same territory that we are operating, must be losing practically three times that much; that is, without any reference whatever, you understand, to the loss of interest during the time the items were outstanding.

L. C. HUMES, Memphis—I want to ask the speaker if, in trying to force these country banks, doesn't that have the tendency to make them want to transfer their accounts to other banks, and run that business away from you?

MR. THRALLS—It was thought that would be the case at first; but I found that, in taking up the matter with the country bank, and explaining the matter thoroughly to them, they do not. And the chances are that the relations with the Kansas City

correspondent are such that they cannot afford to change to some other center merely on account of the exchange question.

It is partly the lack of backbone that has kept us paying these charges. If all the larger cities would come together, and adopt a uniform system, there would be no trouble in enforcing this plan.

My plan was to take the entire United States and make it par—all the city banks par, and all the country banks par, and vice versa; or, to take the entire United States, and divide it into zones, placing three States in a zone, and make the charge ten cents on \$100 in that zone; and take another zone and charge 20 or 25 cents, as the case may be; basing your charge on the transfer of funds. For instance, if the cost of the transfer of funds is 75 cents per thousand, make your charge \$1 per thousand for the district the 75 cent rate will cover. Then, if your rate runs up to \$1, make a 15 cent rate on the territory that will cover. I believe that will solve the exchange question. It will make the city banks whole, and give the country bank no chance to do what he does now.

THE CHAIRMAN—Gentlemen, you will probably be interested to know that Mr. Thralls has the honor of being the manager of the Kansas City, Mo., Clearing House. Now, inasmuch as we want a diversity of opinion, and as Philadelphia is quite a distance from Kansas City, they might have some remarks to make on this subject. Will Mr. Wolfe be kind enough to give us a few remarks on the subject.

O. H. WOLFE, Philadelphia—if you should draw a line about what is politically known as the "Solid South," you would enclose some territory which contains the finest people in the world, but which has in it, as all bankers know, the most expensive points from which to collect that we have in the United States. I don't mean that they are all here, or that there are none anywhere else. But there are certain States and clearing houses here that surpass all others in the methods and unique systems they have devised for extortion of high exchange rates. We have some in Pennsylvania and the West and North that I may speak of later, but there is no other section of the country so uniformly bad in this respect as this good old, hospitable Southland.

It is hardly necessary for me to explain in detail what gives rise to an exchange charge in domestic transactions. In principle it is identical with the foreign exchange business, which serves to equalize and settle the trade differences between nations. Gold, as we know, is the chief medium employed in these international commercial settlements. In domestic affairs, the exchange charge originates almost entirely in the clearing and collecting of checks. Bankers handle checks and other cash items to such an extent that they forget these are not money, but only an order for the payment of money. And our country is so large and so diversified as to climate and soil and natural products that there are certain sections where it is most economical to concentrate certain products of the soil and labor. Thus, in the Northwest are the great milling districts; in the Middle West the wheat and corn belts; on the Pacific slopes the fruit orchards; in New England the great manufacturing industries; in Pennsylvania, the iron, coal and steel; in the South the cotton, and so on.

Our climate, which consists of everything from the frigid zone to the tropics, has resulted naturally in periodic activity in each particular locality, whether it be primarily of crops or of the industries that depend upon them. Consequently, there is a constant shifting of the medium of exchange or money that is going on unceasingly to meet the needs of this great farming, mining, manufacturing, live nation.

We as bank clerks—if you will pardon the implication—come into actual physical contact with this stream of the life blood of commerce, especially in the collection centers, as we handle the thousands and hundreds of thousands of checks and drafts. And, as I said, this constant familiarity with these bits of green, white and red paper makes us forget that this is not money. But the final settlement is in cold cash, and that is another matter. A two-cent stamp won't carry that where at times it must go. It becomes so much freight, the precious nature of which makes it just so much the more expensive to transfer. And here is the crux of the matter: Who is to pay for this moving of currency, and how much? It is in the abuse attendant upon the solution of these two problems that our attention is attracted to-day, for it has gotten to be a serious problem and conservative bankers fear the outcome. As yet the business public does not realize the economic loss or the burden that is just upon them, but in the end they must pay. Therefore, it is up to the banks to devise some means of restricting the evil practices that exist to-day and put the clearing of checks and the transfer of balances upon some uniform and sound basis. And this question, to be settled permanently, must be settled upon broad grounds. There must be no discriminations or favors. If we cannot have it adjusted with our present patchwork system of banking, then by all means let us renew our efforts to show what good can be effected in this one quarter at least, by a better and sounder system of banking.

Theoretically, the express rate on money should govern the exchange charge—that is, assuming that we will soon have a system that will prevent a scarcity of money on account of our inelastic currency (and I believe we will). It is not necessary for me to tell you how far in excess of this rate is the charge of the banks to-day.

The use of paper money or checks is the best relief that civilization has afforded to make unnecessary the handling of cumbersome gold and silver. The nearer we come to the abandonment of all metal money, except the small change or "chicken feed," the nearer we approach to the financial millennium with respect to the ideal medium of exchange. Therefore, it is the province of every bank to foster the use of checks and to facilitate their proper clearing. Every bank that makes a profit out of this traffic is putting a hard brake on a wheel that needs plenty of oil.

The profit of a bank, as between it and its depositor, should come from the balance of the depositor. But when a man draws a check and thereby derives a benefit from his bank account, it is he who should pay for any exchange charge that might arise, for his convenience is served by the use of the check. But this is not so. It is the "innocent bystander," so to speak, who gets it in the neck. The charge falls upon the payee or his bank. As a rule, in these days

of automobiles and affinities, he is so glad to get paid at all he doesn't kick.

You are all too familiar with the methods adopted to escape extortionate charges and the counter schemes to prevent any escape. The result is a sort of perpetual motion of checks riding about in mail cars, and a consequent building up of fictitious reserve balances. Let us examine the chief evils that are prevalent:

The first and commonest complaint is that of overcharge. The rate is placed as high as it can be placed, and "then some"—and for no justifiable reason other than "we need the money." These banks are like the firemen on the old Mississippi River steamboats, who used to sit on the safety valve during a race. Some day the boiler will burst.

Then there is the double charge, worked in two ways. The first is to sell a customer, or remit, a cashier's check, and then recharge exchange on this check. The other method of working this game is to charge depositors a set rate of exchange on all checks, collect many if not all of them at par through a par city, and then charge exchange on the checks that are drawn by these same depositors.

Another common practice is that of remitting funds that are not available, such as paying a remittance due in New York with a check on Cincinnati.

Then there is the custom of remitting items singly, in order to charge the minimum rate on each one, or remitting two separate letters received the same day, in two different drafts, in order to secure the higher rate on each.

Then there are banks which pay one another exchange in the same town; that is, receiving exchange on their own checks only.

There are several abuses which may be charged to associated or clearing houses, rather than individual banks; the most common evil again being a fixed and arbitrary rate, which makes no allowance for periodic fluctuations in the price and available supply of currency.

As examples of injustice to depositors, there might be cited:

Making the counter or home depositor pay exchange, and receiving out of town accounts at par.

Charging high clearing house rates and paying the depositors $2\frac{1}{2}$ per cent. interest. Out of one pocket into another. This is poor economics, rather than an injustice.

Most of these abuses I have cited began in the small towns in isolated districts, and the larger towns began to protect themselves from sheer necessity. But they were careful to make the mistake on the right side of the ledger. Somewhat like the railroads which raise the wages 6 per cent. and increase rates to net 10 per cent.

The result is shown in the increasing and deplorable ill-feeling which exists between the large banks and the small ones. It is true that there are many rural towns where there is little demand for loans, and the banks, which have not the freedom in seeking investments that might be desirable, derive their chief source of income from the exchange charges. It is not uncommon to find banks carrying 50 per cent. of idle money, and yet showing nice profits.

I will tell you of a case that came under my

notice two or three years ago. The president of a bank in a little town in New York State went to Florida for his health. Florida, by the way, as you know, is one of the champion States. While there he drank a few highballs with the president of a bank in a little Florida town. And they fixed up a cute little scheme. When the New York man got home he began mailing his check for a few round thousands to the man in the Sunny South and receiving Mr. Florida's check in return. Then each collected the other fellow's check in a par city and made a nice graft on the exchange. They got a little careless with high living, and both checks crossed in the same bank. Now, here was a bit of pure thieving that netted several hundred dollars, and was outside the ordinary processes of law.

When this idea of high living was confined to the individual bank there was always a way to meet it, but there is now a more formidable danger in the field, the clearing house combinations. It is to the clearing house that we must ultimately come for the final solution of the problem, and no question is ever settled until it is settled right.

There are some who advance the theory that the solution would be for every bank to charge exchange. That suggests to my mind another form of petty graft, that of the tipping evil. Presumably, you fellows are putting your quarters under the plate to insure a little better service than ordinary. But as soon as the practice becomes universal it will have lost its effectiveness. What we once looked upon as a gratuity becomes wages. It is the same with exchange charges. If a bank finds that they must pay exchange on all their checks collected, they will raise the ante on checks paid, in order to show the old margin of profit.

Gentlemen, there is but one reason why this evil exists to-day. When the National Bank Act put into effect the present system it left two serious defects, which are beginning to become painfully apparent. One is the inelasticity of the currency, and the other is the lack of any form of medium save actual currency of limited denominations for use in the dealings of one bank with another in the settlement of balances.

In cities of a certain size it is found convenient to use clearing house certificates of gold deposit in the transactions and daily clearings. In the clearing of foreign checks, however, there is nothing of standard value to effect a settlement, and of necessity banks are forced to use their drafts on reserve cities.

And here is where the best solution of the difficulty suggests itself. A chain of clearing house cities all over the country, chosen on account of geographical advantages, in each of which there shall be a branch of the Central Bank. Our national bank system will never be complete or satisfactory without a Central Bank, which is not an innovation, but a consummation.

In countries where such institutions exist, the domestic exchange problem does not occur.

I draw your attention to the entirely satisfactory manner in which this question is handled by the Boston Clearing House, with which all of you are familiar.

In conclusion, I want to emphasize that it is not the exchange charge that is offensive. Under our

present conditions it is almost necessary. But it is in the abuse of the exchange charge that the evils exist which we are called upon to remedy.

The American Institute of Banking occupies a position peculiarly fit for the purpose of suggesting reforms. And the remedy, to my mind, seems to be found in these two things: First, a general clearing house system for the proper routing and actual mechanical handling of the checks, charges and credits and a Central Bank that will furnish us with a medium of settlement of standard value and unlimited denomination.

If a Central Bank be formed, it should certainly not be its province to pay dividends, but to work for the common good of all banks in the national system. But it is necessary and quite expedient that it should show a margin of profit. Then let a part of these profits or earnings be devised for the payment of all shipments of currency from branch to branch. Money could be so shipped intelligently, quickly and at a minimum of expense.

THE CHAIRMAN—Gentlemen, as the able Chairman of our Executive Council usually has something interesting to say on almost any subject, I am sure we will hear something both interesting and profitable when he will consent to talk to us for a few minutes.

RALPH C. WILSON, Chicago—When Abraham Lincoln was discussing the question of slavery, he said this country could not long endure half slave and half free. I think that applies very well to this exchange question: We cannot long endure half charge and half par.

This subject has been covered very exhaustively and very ably; but I have noticed one thing, that no remedy of any kind has yet been suggested. All have spoken from the local standpoint largely.

It seems to me, that, if a man in the middle of Tennessee has the right to charge for the payment of a draft by mail, a man in the middle of Massachusetts has the same right to charge.

I fail to see, on this exchange question, where any locality has any superior rights. If you will look over the transit records of any bank of size, you will find that this question is not affected in any way, shape or form by the supply and demand, by the shipment of currency or by the crops.

In towns in this country where there are three banks, all subject to identical conditions, one bank will remit at par, the next bank will remit at ten cents, and the third bank will charge you 25 cents. If that will in any way account for the argument that has been made here, I fail to see it.

What I believe will remedy this evil is that no reserve city bank shall, in the future, extend a par list to any country bank that will not par its own town. That is my remedy for this proposition.

I am for all par.

The bank must do everything it can to facilitate business. It must not put a crimp to this ideal elastic currency. The check is the perfection of elastic currency; but it must have a quick redemption.

I believe that, if every bank in the United States will agree to remit at par for every check upon itself, the result will be that nearly all of the checks will go direct, and we will do away with the roundabout routing, and we will know where we are. We'll have

no countercharge of thousands of dollars between us for exchange.

Thus the perplexing question of exchange would be absolutely eliminated.

MR. OLIVER, San Francisco—Possibly, Mr. Chairman, you would like to hear from the Pacific coast on this exchange proposition. I might have misunderstood Mr. Wilson, but I understood him to say that there was no economic or other reason why there should be any exchange imposed for the collection of the country checks by one section over another. Am I right?

MR. WILSON—Yes, sir.

MR. OLIVER—I will have to take issue with Mr. Wilson on that, for the reason that we on the Pacific coast have to pay a premium for eastern exchange, and eastern exchange in the San Francisco market is generally at a premium, because the balance of the trade is in favor of the eastern centers. Therefore, there are brokers in San Francisco going between the banks and offering a premium for lots of two, three and four hundred thousand dollars in exchange. Therefore, in that case you can easily understand that the exchange charge imposed by the San Francisco banks upon checks coming from the east is justified.

IRVING H. BAKER, of Detroit—The problem of exchange charges which arise in the collection of country checks is a subject which has perplexed the bankers of this country for a very long time and still remains unsolved. It is one of the most important questions that a banker of today has to deal with.

To the country banker himself, the problem of the exchange charge is very vital. It means a great part of his revenue. No matter how small the check is, he, as a collecting bank, will make a charge in paying it, not charging his customer with the exchange charge, but deducting it from the remittance to the bank who sent the check to him.

If he be the only banker in town, he is not bound to make a fixed charge, but can make it any amount he sees fit, providing he can keep the good will of the banks sending to him and keep them from sending, probably, to an agency of the Express Company in town. If there is more than one banker in town and they do not make an agreement with each other to make a fixed charge, it is then that they are liable to give a fair exchange rate or even to collect at par from the bank with which they have their account in a larger city or reserve center. But when they have an agreement to make a collecting charge (and usually it is pretty steep), it is then that the country bankers are very stubborn. The importance of the exchange problem to the larger banks sending them items does not appeal to them, although they are under great obligations to the larger banks.

In handling the accounts of banks in larger banks in reserve centers, it is, of course, the policy of nearly all to have the country banks keep as large a balance as possible. To do this, they have to offer inducements, and the greatest one which appeals to a banker, is a large par list. In many cases, bank accounts are opened with the agreement that every point in the United States (and sometimes Canada is included), is taken at par. To make an account like that pay, a bank would have to keep a very large amount on deposit—still, you hear of banks offering

to collect everything at par, even if a moderate balance is kept. Such a policy is nothing more than buying business, and is unsound and even dangerous. For an account like that could only be held at a loss. It would be impossible under our present system of banking for a bank, no matter how large, to offer a universal par list.

It is a well known fact that the West is bleeding the East in their exchange charges, charging in many cases one-fifth of 1 per cent, while the East is, in many instances, returning the compliment. The Clearing House in many large cities is enforcing a charge on indirect endorsements. It is readily to be seen that the problem is becoming harder and harder for the bankers to settle.

Some bankers may argue that the exchange problem should be treated the same as interest. If the sendings of a bank to another consist of a large number of items for the credit of their account and they happen to be on a number of cost points to the collecting bank, and are received and credited at par, it would be the best policy of the deposit bank not to pay interest on the account, or else, pay a very low rate. Again, if exchange was to be charged, it would be expected that a fair rate of interest would be paid on the balance. Deducting from the interest paid two days' transit deductions is considered by some as an offset to exchange. Nevertheless, as many banks offer almost universal par lists and pay interest on balances to their customers, it is not well to be satisfied with present conditions.

A starter for a solution of this problem would be for each new bank account, which a larger bank obtains, to endeavor to reserve that point at par, offering them reasonable facilities in return. Or, if the banks are of the same size, to exchange par lists, thus increasing their par points. At this point, if the Clearing Houses should recall the indirect endorsement clauses, it would be a great help.

A Clearing House of country checks has been discussed more or less, but it would be very difficult to establish, as in a large bank, which had many small country bank accounts, and which clears for and pays all checks—it would necessitate a serious amount of increased labor and cost. The smaller bank would be the only one benefited by it. There would be less trouble for them, doing away probably with a transit department and saving them a great deal in exchange costs.

The only practical solution, although it would take quite a while to obtain results, would be that each merchant, each manufacturer, in fact, each individual, insist upon their customers or people sending them checks, to have them drawn with exchange or on a point that would not cost to collect. A country banker, on whom nearly all the blame of the exchange problem should rest, would soon lose his customers if he did not pay their checks at par. Believe me, gentlemen, the question will never be settled until this is accomplished.

THE CHAIRMAN—Gentlemen, it is not our hope that we settle this important question this afternoon. The principal object is to bring out the points or ideas from the different sections of the country, and get you all to thinking; because there is no reason in the world why the American Institute of Banking, as has been suggested, could not settle this question

as well as anybody else, after it had been brought to your attention. If there are any ideas pertinent to the subject that have not been brought out, I suggest that we have them; otherwise, we will continue to the next subject.

MR. DORRIS, Nashville, Tenn.—All of the arguments seem to suggest a proposition which has not yet been made; but all seem to lean that way, and that is the association of clearing houses in the various states or sections. One of the speakers—I have forgotten what town he was from—spoke of the central bank as being a means of caring for the credit situation. But a clearing house association of a state, or, rather, the combination of clearing houses in the states, will be a good proposition; and, it seems to me, by agreement with each other, they could control the country banks and force them into caring for these checks.

MR. BIRD, Denver—There is just one point I wanted to speak on, and that has not been touched upon. That is this: The menace and the danger of the banks laying themselves liable to law suits by circuitous routing of checks in order to avoid the exchange charge. As an instance, I will cite you a case in our locality, Denver. There are two small towns near each other, not more than fourteen or fifteen miles apart. The First National Bank of Denver clears everything through the First National Bank of Utan, the first town. And, if the check is short, it will come back over the same course, which means that it takes a week to collect a check which should be collected in a day. And I claim that the bank, in routing in that roundabout manner will, in some case, at some time, render itself liable for not having used due diligence in the collection of the check. And I think, from what I have heard, that the same custom prevails in all large cities where items are routed in that manner.

E. S. EGGERS, of Pittsburg—The problem of exchange charge which arises in the collection of country items is a problem which has a very important bearing on the banking interests as well as on the commercial interests of the country, and is one of the important questions which must be decided by bankers in the near future.

Nor can it be settled by the banks themselves for the reason that the use of checks in commercial transactions is so general in this country, and plays such an important part in the conservation of the cash reserves, that any arbitrary action which would curtail their use would have far reaching effects.

The use of checks in commercial transactions is far greater in this country than in any other, but the cost of handling the volume of these checks is an onerous burden on the banks, especially those in the large centers.

This problem cannot be solved by the arbitrary rules of charging exchange such as pertain in the New York Clearing House, where exchange is charged depositors on all items (except a few discretionary points), at a certain fixed rate; nor can it be settled on a basis of a fixed arbitrary charge on all checks received from correspondents such as pertains in Minneapolis and St. Paul, but on a basis which will not interrupt nor interfere with the free circulation of checks in commercial transactions. The first of these is the fairest way in that it places the cost where it should be, viz., on the man who makes a

profit on the transaction from which the check originated, while the second is absolutely unfair and unjust in that it places the cost on the banks. Neither of these, however, is correct in principle in that they tend to stop the free circulation and use of checks.

It is a queer proposition that the country banker should be permitted to pay his indebtedness at less than one hundred cents on a dollar when sent through the mails instead of over the counter. A reasonable charge to cover the cost of their services is all that should be charged by the remitting banks. The rules of some cities of charging exchange on all items sent to banks in that city on their own city place a burden on the free circulation of checks, and should be discouraged by banks in general. As an instance of the wrongs of this arbitrary rule I will cite you the following which occurred very recently: The bank with which I am connected had a note due in a city having this arbitrary rule, and, in order to avoid the exchange charge, the maker of the note paid it in New York exchange. This, however, did not prevent the bank holding the note from charging the full one-tenth of 1 per cent. required by the clearing house rule on the item.

It is admitted that the banks in the reserve cities, in their efforts to obtain deposits (in many cases drawing funds out of their natural channels), and to divert them from the central reserve cities, have offered inducements which have fostered the evil, and have made the solution of the problem more difficult.

The country banker must, of course, look to every source of income available to him in order to make a profit in his business, but is it fair for him to make that profit out of other banks and not out of his own customers? It would seem that a proper solution of the problem would be for the country banks, if they must charge exchange on items or themselves, to charge it to the drawer of the check rather than to the forwarding bank. Should it not be possible to bring this about, the Boston clearing house system of collecting country checks would probably solve the evil, and should be agitated in all clearing house cities.

Other questions scheduled for the symposium were as follows:

1. What is the best system of handling transit items?

2. Suggest a plan for a clearing house of credit information in each locality.

3. Advisable changes in the National Bank Statement.

4. Should the rate of interest paid by a Savings Bank be determined by the ratio of its surplus to its deposits, and what should be the relation between the three—rate of interest, surplus and total deposits?

5. The handling in large numbers of trust accounts.

David Craig, of Philadelphia, made a thoughtful address on local clearing houses for credit information. E. A. Fitzpatrick, of Scranton, read an interesting paper on the rate of interest which a savings bank should pay. Just prior to adjournment, which shortly followed, the trust company men present were requested to meet that evening and discuss "The handling in large numbers of trust accounts." This they did and had a very profitable session of about

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two hours under the leadership of W. R. Green, of Cleveland. In this discussion, Mr. Osborne, of Philadelphia, Mr. Howel, of Scranton, Mr. Cory, of New York, and Mr. Eckels, of Baltimore, were most active.

ATLANTA.

By W. R. Beck.

Our Chapter here has gained so much since our Chattanooga convention that it is time for us to be in evidence among the "Chaptergrams." Our Chapter has grown from nineteen members, at the time of the convention, until now we have a membership of forty, with a field of about two hundred and fifty bank clerks in which to work. We attribute much of our enthusiasm to the visits of President MacMichael and Raymond B. Cox, who stopped over in Atlanta after the convention.

We have had several very interesting lectures of late, one by Robert Parker, a prominent young attorney, on "Negotiable Instruments." Another was on "Bills of Lading," and was delivered by W. W. Tindall, also a well known young attorney.

We have formed a study class and in the early fall expect to get down to hard work. Arrangements are going forward for a debate on some live topic, some time next month.

Our new officers are: H. Warner Martin, President; C. E. Speer, Vice-President; G. C. McWhirter, Secretary; Smith Witham, Treasurer.

CHATTANOOGA.

By T. R. Durham.

Chattanooga Chapter expects next year to be one of the most profitable in its history. The President has appointed all of the Standing Committees for the ensuing year and a glance over the list, by one who is acquainted with the situation, will show that he has certainly made a wise selection. A. M. Dickerson, who has won fame throughout the Institute by capturing two of the convention prizes, has been appointed Chairman of the Educational Committee. Mr. Dickerson is "long" on education. He is a profound student and it is believed by our Chapter that we will make great strides in an educational way the coming year. He is assisted by two energetic, well posted men. His Committee has given out, unofficially, that they purpose to take up the series of lectures on Banking and Finance, to be delivered by one of the best instructors obtainable in our city.

The Chairman of the Entertainment Committee is S. A. Strauss. Most everybody who came to the convention remembers Strauss. When it comes to entertaining he is right on the job. We have never heard it denied that Strauss is a close friend and relative of "Strauss the Toy King," who has made it his life business to make Humpty Dumpty Circuses and other things for the amusement of mankind—mostly children. Whether our Mr. Strauss even knows the other one or not, we know that he is well qualified for the position which has been given him. He has a number of talented assistants and they are now planning for a banquet to be given for the Chapter at the beginning of our season. With Mr. Strauss at

the helm we are assured of success. H. H. Granger, one of our live and energetic young men, has been appointed Chairman of our Membership Committee. He has an assistant in each bank and we are sure, under his direction, every bank will keep up a good representation in the Chapter ranks. Tom Landress has been appointed Chairman of the Athletic Committee. He has on his committee men who are very much interested in athletic work and it is believed their accomplishments will be limited only by the amount of time they have. The Chairman of our Press Committee is assisted by two good scribes, who propose to give out everything worth while concerning Chapter doings. With such a splendid list of committees there is no reason why the Chapter should not enjoy the most prosperous year since its inception.

CINCINNATI.

By J. T. Ridgway.

Cincinnati Chapter members and friends will journey to "Lake Allyn in the Hills," where their annual picnic will be held September 11. The committee in charge are hard at work arranging for the different events. This is to be a good old fashioned basket picnic. Fill the baskets to overflowing and come and romp with us in the pure fresh air of the country. There will be a field day—fine prizes to winners, also boating, bathing, dancing and a great ball game, married vs. single. The picnic will put us in fine shape for an energetic and progressive season of Chapter work.

DENVER.

By George A. Brown.

Notwithstanding the fact that Denver Chapter is observing the vacation season and that we have had no regular meetings since the early part of June, still there has been much of late to interest us and to keep the thought of the Chapter before us. On August 1st, Colorado Day (a legal holiday in the State of Colorado), Denver Chapter held its second annual picnic and field day. Taking a special train full of our members and friends, we journeyed over the "Switzerland Trail of America" to beautiful Glacier Lake, located some ninety-five hundred feet above the sea level. Upon arriving at the lake, the athletes of the Institute gathered together for our annual field day. Members of Denver Chapter will not agree with the saying that to become a bank clerk is to become a "dead one" and it is believed that all who witnessed the events will agree that in the case of Denver Chapter at least, the saying will not apply, for notwithstanding the high altitude, marks were set in the 50 and 100 yard dashes, broad jump and relay races which must stand for some time, or it will be up to the Chapter men to break some of the State records. And the surprising part of it was the speed displayed by the "runners" from some of the banks, who indeed were true to their name when they saw a nice prize at the other end of the course. Glacier Lake is located near the top of the Divide, about sixty miles from Denver, and is reached by the Denver, Boulder & Western Railroad, than which is no greater engineering feat in the world. Travers-

ing Boulder Canon from its mouth to its source, following the creek bottom at first and then rising by terrific grades to the very mountain tops, where, in the midst of the finest scenery in the world, we found one of the prettiest lakes in the State of Colorado. Everybody returned happy and with a sure promise to be with us next year wherever we go.

Denver Chapter also has a summer attraction in its baseball team, which is entered in the only league in the city outside of professional ball. Our team is at the present time acknowledged to be quite the class of the league, and everything points to a very successful season for us.

But the best part of it all is that, in spite of vacations and summer diversions, there is a very evident desire and longing on the part of the Chapter men for the fall, when the Chapter will resume its work.

LOS ANGELES.

By H. C. Hurst.

Chapter activities in this burg are moving along steadily in spite of the summer vacations and the call of the wild. The class in commercial law has completed the course and taken the final examinations, and every man in the class passed, thanks to steady attendance and attention, and the coaching of the leader, Charles G. Greene. The following members have credit with the Institute headquarters for passing the examinations in "Commercial and Banking Law": Ed. H. Wallace, J. N. Hastings, S. W. Murray, Arthur Foreman, W. H. Thomson, H. E. Allen, P. W. Lacey, H. C. Hurst. Our president, Leo. S. Chandler, was also credited with this course, on the strength of having some time ago passed the State bar examinations.

Our last monthly meeting was "Tellers' Night" and was very instructive and enjoyable. J. V. Carson, T. Milton Perry, C. M. Jay, and Walter R. Holy talked of methods of work and experiences in the teller's cage, and a general discussion followed.

Our worthy representative at the Chattanooga convention gave a talk on his experiences in the East, and it made all the boys feel like planning at once to attend the next great gathering.

We are looking forward to many good things this fall. There is the A. B. A. convention, which we will be interested in watching; there is the annual show, which this time is going to beat anything we have ever put on. It will be a comic opera, written by Harry Girard, a power in the musical world of Los Angeles, and Joseph Blethen, of the Seattle "Times." And that means something great. Girard's "The Alaskan" was a winner; watch our show. Aside from these two events, some fine things are being planned for the regular meetings, and we look forward to a very successful winter's work.

NEW ORLEANS.

By John Dane.

New Orleans Chapter is taking it easy these sultry days, laying up a store of energy for the "rainy season," which will soon be upon us in all its fullness of toil and study.

NEW YORK.

By William Clements.

The Educational Committee has in view a program for this year, which we hope will meet all the requirements of the bank clerk. As New York Chapter is growing yearly, so must the educational work grow, in order to keep abreast of the times. Two important improvements are to be made in this year's courses. First, the use of the textbook in connection with the lectures on "Foreign Exchange" and also (if possible), those on "Commercial Paper" or "Bills and Notes." Second, the work will be so arranged that one course will be completed before another one is taken up. Following is a brief outline of the program contemplated:

1. Beginning Thursday, October 13th, and on the five following Thursday evenings, Prof. Franklin Escher, of New York University, and also editor of "Investments Magazine," will deliver six lectures on "Foreign Exchange." This course is designed to put the practical banking man in touch with the foreign exchange market as it exists today.

2. Ten lectures in Law by Prof. Leslie J. Tompkins, New York University. Subject, "Commercial Paper or Bills and Notes."

First lecture on Thursday, December 1st, 1910, and thereafter on December 15th, 22d, January 5th, 19th, 26th, February 2d, 16th, 23d, March 2d, 1911.

3. Eight lectures on Practical Banking by well known specialists, whose names will be announced later. This course will cover the general banking subjects of Loans, Investments, Credit, Trust Company Administration and Laws.

Upon the urgent request of a number of members a class in English and Public Speaking is to be organized and conducted on every Monday evening from October until May, by Prof. Horatio N. Drury, of Stuyvesant High School. This course is to be limited to fifty or sixty (50 or 60) members. The small fee of five dollars (\$5) is to be charged to help defray the expenses. It is almost needless to say anything in reference to the value of a thorough knowledge of English.

Every member who takes up these studies should be prepared at the end of the season, to take the examination for the Institute Certificate. Too much stress cannot be laid upon the worth of the Institute Certificate to the average bank man. The official recognition of its value by the bankers throughout the country, is sufficient reason why every ambitious member should make every effort to become the proud possessor of one of these sheepskins. There is no telling how big an asset a certificate is to a man until he seeks a new or better position. It may be encouraging to know, that at the recent examination for State Bank Examiner, the New York State Civil Service Commission recognized the merit and worth of these certificates by giving all those who had received one, a much higher mark for efficiency and experience, than would otherwise have been the case.

PITTSBURG.

By J. Howard Arthur.

Over and above the midsummer dullness can be heard the distant rumblings of a strenuous year to come. Although our meetings have been postponed

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for the past few months, Pittsburg Chapter officers and committeemen are busy planning one of the most strenuous years in the history of our local organization. Most of the committees have been appointed, or are in the course of construction and those already appointed are hard at work preparing next year's program.

At a joint meeting of the officers and directors held together with the delegates to the Chattanooga convention, it was unanimously decided by those present to hold a moonlight boat excursion on the steamer "Sunshine," some time about the fifteenth of September. Pittsburg Chapter's boat excursions have always been looked forward to with a great deal of pleasure by her members and the committees in charge promise something unexcelled in the line of a boat excursion. As usual we expect a big crowd, for the boys are all anxious to get acquainted again after several months' absence and the delegates to the Chattanooga convention promise to attend en masse, to talk over old times and convention experiences.

The debate between Philadelphia Chapter and our local Chapter, which is to be held at the convention of the Pennsylvania Bankers' Association, at Bedford Springs, on September 6th or 7th, has aroused widespread interest among Chapter members and we are all anxiously waiting for the fray. The question for debate is "Resolved, That of all the proposed banking reforms, the Central Bank promises the most immediate, complete and permanent relief for our recurring attacks of financial and industrial colic." Pittsburg will be represented by A. G. Boal of the First National Bank of West Elizabeth, Pa.; F. M. Pollard, of the Exchange National Bank, and J. E. Rovensky, of the First National Bank. It is needless to say that with this array of talent to defend our past reputation, we feel confident that Pittsburg Chapter debaters will bring home the bacon.

We were honored recently by a short visit from Geo. E. Allen, our Educational Director and at an informal dinner, tendered him by a few of his old friends and admirers, the educational program for the coming year was discussed at some length and heartily approved by those present. Pittsburg Chapter promises big things for the coming year in the educational line, having recently decided to give three nights a month to the study classes instead of two as heretofore.

RICHMOND.

By Jno. S. Haw.

Richmond Chapter has been resting on its oars as usual during the summer months. However, the members of the Board of Governors, while not having met in formal session during the summer, yet they have been exchanging ideas and making suggestions among themselves relative to the coming year's work.

The delegates from the Chattanooga convention are full of pent up enthusiasm over the success of the big convention, and the good time they had while there, and they will no doubt make our first meeting hum, telling of their experiences and the enthusiasm manifested in Chapter work by the delegates present at Chattanooga. One of our delegates to whom the attendance at an A. I. B. convention came as a new experience, expresses himself as being surprised at the personnel of the convention, the business-like

precision with which its sessions were conducted, and the intelligence shown by the delegates when discussing any subject before them. That's what they all say after their first convention. For injecting enthusiasm for Chapter work into members, there is nothing like attending the convention.

With our new President, Carter E. Talman, at the helm, Richmond Chapter should have a successful season during 1910-1911. Talman says he's going to take a day off and think about nothing but Chapter work, so look out fellow chapter members, there's going to be something doing during the coming season. But the President can't do it all by himself, however hard he may work. The co-operation of each and every member, and especially the committee is necessary to the success of the Chapter.

ROCHESTER.

By Thomas McManus.

Frank S. Thompson has been elected to the assistant cashiership of the Alliance Bank to fill the vacancy caused by the death of Chas. R. Barton.

Frederick Mutschler has been promoted to the position of assistant cashier of the National Bank of Commerce. Mr. Mutschler has been connected with the bank from the day of its organization. He was formerly with the old Commercial Bank, which was merged with the Flour City at the time the National Bank was established. He is treasurer of Rochester Chapter, and was a delegate to the national convention at Chattanooga.

SAN FRANCISCO.

By William B. Compton.

Thursday, August 18th, San Francisco Chapter held its first meeting of the season 1910-11. Wm. A. Day, our new President, outlined the modus operandus for the ensuing year. The enthusiasm that his vigorous personality was able to impart, prognosticates a year in which the members will avail themselves of the opportunities to progress, which President Day is well able to provide, owing to the fact that he has long been an interested worker for the good of the Institute, and is familiar with its necessities. His administration promises to be a strong and compelling one, replete with many features that will be of great benefit to the members. Our President is an exemplification of the fact, that the interested Institute worker will progress in his chosen profession, having risen from the ranks to the position of Assistant Cashier in the Mechanics' Savings Bank, of San Francisco.

After Mr. Day's address, Wm. B. Compton, of The Crocker National Bank; Thos. G. Spillane, of the Bank of California National Association; M. P. Clark, of the First Federal Trust Co., and A. D. Oliver, of the Wells-Fargo Nevada National Bank, who were the delegates to the Chattanooga convention, each gave a talk on the leading features of that affair, and particularly were they strong on Southern hospitality and efficiency.

The Committee on Entertainment then took charge of the meeting, and imparted a spirit of comraderie, goodfellowship and good intentions.

SAVANNAH.

By C. E. Stanton, Jr.

Savannah Chapter has not called off regular meetings during the summer and on the eleventh held its regular August meeting. The feature of the evening was the debate "Resolved, That the banks in Savannah should clear in the morning." Messrs. R. J. Taylor, of the Citizens' and Southern Bank, and S. W. Lewis, of the National Bank of Savannah, represented the affirmative, and G. H. Dieter, of the National Bank of Savannah, and L. Rubanovitch, of the Savannah Trust Company, represented the negative. The judges were F. D. Bloodworth, President of the Clearing Association; G. L. Groover, Cashier of the Citizens' and Southern Bank, and J. J. Powers, Cashier of the Exchange Bank. The affirmative contended that the present system of clearing between 2 and 3 o'clock in the afternoon was out of date, as most cities of any consequence now cleared in the morning, and did not give time enough for the checks to be properly passed upon, and kept all those who handled the clearing from going to dinner until about 3:30. The affirmative illustrated just how the morning clearing works and showed that ample time would be given the clerks sending out the checks instead of the short time now allowed, and also showed that the incoming checks would be handled at a time of day when business was slack and that ample time would be given for passing on checks. The negative contended that the present system is satisfactory, rapid and complete, stating that the banking situation in Savannah was unlike other cities, as in this city every Clearing House bank is almost within a stone's throw of any of the others which enabled the porters to leave all his checks and return with reports in half an hour, and that by 3:30 each bank knows how it stands with the Clearing House. The negative also pointed out the extra work of certifying doubtful and large checks in payment of drafts which is not now necessary, and also that all bad checks are returned to depositors the afternoon of the day they were deposited. They also contended that in holding over checks until the next day, especially in the cotton season when the amounts are enormous, that there is a loss of one day's interest to the banks, and that at present at the close of each day's business everything was completed. After some deliberation the judges rendered their decision in favor of the negative. All present at the meeting, at which we had a large attendance in spite of the warm weather, were not only entertained but instructed by the debate which gave us all a clear understanding of the morning clearing and how it compared with our present system.

SCRANTON.

By F. H. Pierce.

To have a class, numbering a little better than twenty-five per cent. of the total membership, successfully pass the Commercial and Banking Law examinations as prepared by the Institute, was the admirable record of Scranton Chapter. It consisted of twenty students. Furthermore, the boys of Scranton Chapter think that if there was a roll of honor consisting of each Chapter's successful students

as compared with their total memberships, that Scranton would compare favorably with some of the larger cities. Next year the work of Banking and Finance will be taken up with a new vigor and more excellent results are expected. In the Pittston section of the class in "Commercial and Banking Law" Messrs. F. H. Pierce, John Benfield, George Langford, H. J. Ryan, A. B. Dymond, T. A. Gibbons, E. A. Fitzpatrick and Samuel Kluger passed the final examination.

An indescribable success was the first annual bankers' outing and shore dinner given August 3d, under the auspices of Scranton Chapter, which was attended by 200 bank men, their wives, sisters and friends. The affair was a genuine shore dinner held at Rocky Glen, a delightful little lake, situated about five miles from Scranton in the mountains, where all the surroundings are most appropriate to an event of this kind, even the waves of the lake, lapping the real sea sand which had been transported from the coast. Taken as a whole the outing met with such a decided success that it will be an annual affair.

WASHINGTON.

By Joshua Evans, Jr.

The convention of the National Association of Supervisors of State Banks will be held this year in Washington, September 12th, 13th and 14th. The Association has accepted the invitation of Comptroller Murray, who kindly offered the use of his office for the services of the convention.

The meeting of the supervisors in Washington, of course, has no particular significance as the conventions are annual affairs. However, those who have been watching Mr. Murray's endeavors to bring about a closer relationship between the supervising bodies of State and National institutions, will recognize another step towards co-ordination in efforts which should make bank examinations, both national and state more effective.

THE OLDEST BANK NOTE.

Some of the financial papers, says the Journal of the Canadian Bankers Association, have been circulating a story which, even if not thoroughly authentic, is interesting. It is claimed that in the Asiatic Museum of St. Petersburg the oldest bank note in existence may be seen in a fair state of preservation. The exhibit is dated 1399 B. C., and purports to have been issued by the Chinese Government Bank. Chinese chroniclers claim that as early as 2697 B. C. bank notes were current in China under the name of "Flying Money." The bank note in question is said to bear the name of the Imperial Bank, and the Canadian institution of the same cognomen may be interested enough to verify this story of the oldest bank bill. This relic of 3,000 years ago is dated and numbered, and signed by a Mandarin, and even contains a list of the punishments inflicted for forgery of notes. We are not told the nature of the penalties, but, as in "The Mikado" the punishment is made to "fit the crime," it is quite possible that forgery of notes in the year 1399 B. C. extended to a choking to death of the offender with counterfeit bills. This story of the oldest bank note ought to be easy to prove, and, as one cynical writer observes, the note should be examined by experts to see if it is written, as printing from wooden tablets is believed to have been introduced in China only in the year A. D. 160.



INSTITUTE INTERCHANGE

SEGREGATION OF DEPOSITS.

By John S. Reading, President Susquehanna Trust and Safe Deposit Company of Williamsport, Pa.—Address Before Philadelphia Chapter.

At the last convention of the American Bankers Association, held in Chicago, the Federal Legislative Committee of that body, reported a series of resolutions to meet what had been thought to be a public demand, evidenced by the planks in the platforms of two great political parties, and the discussions in the public press. Embedded in this long document, and sandwiched in between resolutions opposed to guaranty of deposits and postal savings banks, was a resolution approving segregation of deposits enforced by legislation, National and State. Fortunately for bankers the President of the Pennsylvania Bankers Association was on the floor of the convention, and was able to secure the defeat of this particular resolution. But the matter was referred again to the committee, and it is now perniciously active in endeavoring to secure the sentiment of bankers in favor of the scheme, with the evident purpose of bringing the matter up at the next convention.

What the advocates of this measure desire is: That all funds received in savings deposits be kept separate and apart from all other deposits and assets, and that the same be invested in savings fund investments as provided by law, and be marked for use of the savings deposits. In case of failure or liquidation, such savings fund investments are to be converted, and the proceeds used to pay the savings deposits; and if there be any part of such deposits then unpaid, they are to come in with the general deposits equally upon the general assets.

In endeavoring to ascertain just what is meant by this high-sounding proposition, the first inquiry, necessarily, is what is meant by savings deposits.

In such investigation the first thing that strikes the inquirer is that the attempts to define savings deposits are exceedingly labored, and pursuing the matter it presently appears as if the framers of the definition are trying to make it include what they lack the courage to announce.

However, any careful reading of the definition framed by the general counsel of the American Bankers Association will disclose that the purpose is to make savings deposits include all deposits upon which interest is, or is agreed to be, paid. This includes all time deposits, whether evidenced by pass books, certificates of deposit bearing interest for fixed periods, or if remaining beyond a fixed period; and all deposits upon which interest is paid on daily, weekly or monthly balances. In a reserve city like this, you will readily see how large an amount of the deposits of your banks would be affected by such a plan.

Inasmuch as these deposits must be invested in savings fund investments, it is important to inquire what such investments are. The proposition is to limit investment of these deposits to such securities as are permitted for savings funds by the law. In Pennsylvania savings funds may only be invested in four classes of securities: First, United States bonds; second, bonds of the State of Pennsylvania; third, certain bonds of Pennsylvania municipalities; and fourth, in first mortgages upon real estate.

United States bonds are practically prohibitive in price. No bank could afford to pay even 3 per cent. on deposits and invest same in such bonds, for the

business would be done at a loss. Bonds of the State of Pennsylvania are unobtainable for the reason that the sinking fund of the state is today some \$8,000 larger than the total outstanding debt, and very soon there will be no such bonds in existence.

Municipal bonds, such as are permitted, are so high priced as to make the returns too small for this purpose. Hence, if the banks should attempt to use any one or all of these three classes of securities, the inevitable result would be that they would be obliged to reduce the rate paid on such deposits.

There is left to consider but the fourth class of securities into which these deposits could be invested, viz: first mortgages on real estate. It is but fair to admit that this class of investments, made judiciously, after careful examination, and at not to exceed 50 per cent. of the fair value of the property, would afford satisfactory security. But there are various difficulties in the way of their use for the purpose, to a few of which I desire to call your attention.

Perhaps you do not realize what an enormous amount of money would be released and be seeking investment by the adoption of segregation.

The reports to the comptroller of the currency in September, 1909, showed that in the national banks, reporting interest bearing deposits, there was upwards of 90 millions of the same. Many banks declined to separate their deposits. And I feel certain that none reported the deposits upon which interest was paid in daily balances. The state banks and trust companies in the state have upwards of 150 millions of interest bearing deposits. After deducting all such deposits now invested in mortgages, it is probably well within the facts to say that the adoption of segregation would send into the mortgage market in Pennsylvania at least 150 millions of new money. Such an enormous amount of money would most certainly bear the market on rates upon real estate loans. And I apprehend that it would be practically impossible to find investment for the funds. Therefore, this would also necessitate the reduction of the interest rate on time deposits.

Another difficulty arises from the very stability of these investments which gives security to them. It must readily be seen that mortgages will be exceedingly hard to realize upon when the emergency arises for which and against which the added security is sought. In case of a panic, when the depositors needlessly desire to withdraw, the bank will have, under the most favorable circumstances, a large amount of mortgages which are not due and collection of which cannot therefore be enforced. It will only be able to realize on overdue mortgages by selling them. It will not in any way avail to help its depositors by foreclosure and sale of the properties, for there would be no purchasers and the bank would have to buy in the properties, and would thus convert its assets into a still less liquid form. And who could or would buy its mortgages? Other institutions would be husbanding their own resources, and individuals could not be induced to buy except at a ruinous sacrifice, and the only alternative would be to close its doors, and await a long and expensive liquidation with the consequent loss to stockholders and depositors alike, as well as the immediate and serious inconvenience.

I wish to call attention to another difficulty. It must be borne in mind that the adoption of segregation would not only throw a very large sum of money into the real estate loan market, but it would

also withdraw approximately the same amount from the commercial loan market. The imagination fails in any attempt to picture what the result to the business of our own State, for instance, would be to require the contraction in commercial loans of about 150 millions of dollars. There is scarcely a business which would not be crippled if not entirely destroyed, and chaos would result, with losses and failures such as we have never known.

One further difficulty I wish to suggest. Because of the exceedingly fixed character of the investments and the difficulty of getting mortgage loans for odd amounts, it will necessarily result that the margin of cash reserve must be higher than when the funds can be invested in commercial loans. Hence there will be a much less amount which can safely and profitably be paid as interest on time deposits.

So that every view of the investments which this plan will permit will cause a loss of interest to depositors, and an increased difficulty and also increased loss to the banker.

Moreover, I am firmly convinced that segregation is entirely unnecessary from the standpoint of the public and upon the broadest general grounds.

The only excuse for urging it is that it may secure depositors of a certain kind from loss. But when one stops to consider how small the margin of loss has been in the past experience of our banking system, the utter lack of any necessity for such a cumbersome attempt at added security is seen. Since the adoption of the national banking act more than forty-five years ago the total loss to depositors in national banks has been but one twenty-sixth of one per cent. per year, or a total of less than two per cent. for the whole period. And the superintendent of banking of the State of New York, Mr. Clark Williams, reports that of all the state institutions which closed their doors in the panic of 1907, not one dollar was lost to depositors. A situation showing such an infinitesimal loss surely does not call for any radical and untried experiment as a remedy.

Moreover, it must be recalled, in this connection, that the whole fabric of our business life is built upon confidence and credit. This is well evidenced by the relation of the amount of currency issued and the amount of the banking resources of the country. There is outstanding today something like \$34.00 of currency per capita of the population—while the banking resources of the country are about seven times as great, or the sum of \$237.24 per capita. And if the amount of currency hoarded in one way or another be deducted from the amount outstanding, it is safe to say that the banking resources are more than ten times the amount of money actually in circulation in the business world. And when it is learned that these banking resources represent the deposits of \$25,000,000 of our people, or about one-third of the total population, it is readily seen that the present banking system has to the full the confidence of the people, and does not need to seek any new supports from the speculations of the doctrinaire.

Again I am convinced that segregation would be exceedingly unwise, and diametrically opposed to the genius of our institutions.

No student of our republican form of government can fail to see that its fundamental basis is equality—not an absolute equality, nor such as socialism would enforce, but an equality before the law, and in the responsibilities and privileges as well as the opportunities of government. It does not foster nor permit the formation of classes. Thus the man who because of small means is liable to but a small amount of taxes, has, nevertheless, his equal share of the burdens of our government to bear, and has no less a part therein than the one, who, because of his larger means, has a greater amount of taxes to pay. And I hold that the one, equally with the other, should most willingly, nay gladly, pay that which is thus equally assessed against him. And I maintain that all attempts at exemptions and distinctions in the imposition of the taxes are fundamentally unconstitutional, as violative of the underlying principles of our institutions. For this reason, if for no other, I should say that the corporation excise tax imposed by the Federal Government is unconstitutional, be-

cause it does not bear equally upon all of the classes affected, viz.: corporations.

And this segregation idea offends even more deeply this basis of our constitution, because it attempts to give to one class of depositors a greater security than to another, and introduces just the class distinction which under all circumstances should be avoided.

And this idea is also unwise because it will reverse the present tendency, which I think I can discern, of granting to financial institutions broader powers, and thus enabling them the better to minister to the needs of their respective communities. For it seems clear that if all the interest bearing deposits are to be segregated and invested in liquid securities, the inevitable result will be that commercial banks, in order to retain their customers, will be obliged to refuse interest bearing accounts, because their commercial depositors will refuse to be placed in a different class and subject themselves to the disabilities which will follow.

And, thereby, as I apprehend, the national bank men who are fostering this plan will be hoist by their own petard. For it seems plain to me that they are advocating this revolutionary scheme in order that they may wheedle from Congress certain powers which they do not now possess, notably the right to invest money in mortgages upon real estate. Whereas, I think you can see from what has been said, that even if they should succeed in obtaining such a concession, it would at once become valueless to them in practice.

This brings us to a consideration of the purpose or purposes which underly this proposal.

The national bank men who favor segregation state as their purpose, that thereby they may succeed in defeating the proposed postal savings banks, as is evidenced by the latest communication which has come from the Federal legislative committee of the American Bankers Association under date of February 7, 1910. If postal savings banks are to be defeated, and I most sincerely hope and believe they will, I think it must be clear to you from what I have previously said that it will be done without reference to the subject of segregation. And, if not, then I submit that the remedy is worse than the disease. But, as far as I have shown, this latest letter from the only national bank men who are advocating this innovation, really shows that the reason which is moving them, is the desire to secure the entering wedge for enlarged powers, and I think you will agree with me that if obtained it would prove to be a boomerang.

The purely mutual savings banks may have the selfish purpose of increasing their business, by making it ultimately necessary for depositors who wish to secure interest to come to them, because all other banking institutions would refuse to accept interest bearing deposits on account of the burdens segregation would impose.

But the purpose most openly and frequently urged for the adoption of segregation is that thereby the depositors, who have by economy and care accumulated hard savings, and whose need in time of stress would be most urgent, may have a larger degree of protection. But I submit that segregation will be ineffectual for this purpose.

First. Because it is utterly impossible to earmark such deposits. Not every small depositor would come within this class, no matter how small the amount of the deposit brought within the rule. With a multiplication of the institutions which would receive such deposits, it would be the easier for one who desired to do so to open any number of deposits, and then claim the protection of the scheme.

Second. Because segregation would necessarily defeat the purpose of giving immediate relief to even those depositors whose needs should be urgent. The character of the investments would necessitate a requirement for a long notice of withdrawal, since in no other way could the bank hope to handle its business, whenever the real or fancied need of its depositors should cause more than the normal withdrawal. Hence the bank would have to be in a

position to require three or four or more months' notice when the occasion arose. This would be but a poor recompense to a needy depositor for the proposed additional security.

And if this is true in case of merely abnormal demand while the institution is doing business, the trouble would be greatly magnified in case of disaster and failure. For, in such event, the mortgages would become a drug upon the market. No one would or could buy them. Foreclosure would only prolong realization. And the inevitable result would be that the needy depositor would have to wait as long for his money as it would take to convert the investments, and the last state of that man would be worse than the first. Debtor and creditor alike would arise to condemn a policy which brought such results.

This, then, is the live issue, "live" in the sense that it is being agitated and advocated, though not in the sense that it has been fathered by either political party, nor that it is being considered in the halls of Congress or of the state legislature.

But we should give it careful consideration, and if you agree with me that it is most dangerous, then you should be prepared to give a reason for the faith that is in you, and be prepared to hit the thing whenever and wherever it rears its head.

NOTE TELLER'S WORK.

By H. H. Irish, of the National Park Bank of New York—Paper Read Before New York Chapter.

The note teller's department in a large New York bank does a variety of work which does not apply to notes in the narrower meaning of the word, but the handling of the notes is the first and most important work.

A note is a negotiable instrument usually made on paper drawn according to a form prescribed by law, and its handling, in regard to collection, governed by law so strict that one cannot afford to make a single slip either in timing, presentation, protest, notice of protest, or the kind of money accepted in payment of same. The law imposes on the collecting bank the duty to demand cash for the payment of notes, this being the only recognized legal payment, but the custom among New York bankers is to accept a certified check on a clearing house bank, drawn to the order of the collecting bank; or if drawn to some other person and indorsed over in blank or to the order of the bank the indorsement must be known to the bank which accepts it.

The law in regard to presentation is that a note must be presented at the place where it is made payable, if such a place is stated. If not stated, at the maker's place of business, if known, or at his residence or at any place where he may be found on the day of maturity. Banking customs make the hours from 10 A. M. to 3 P. M., but it is often very convenient to fall back on the law which permits the presentation at a later hour when something goes wrong.

In regard to protesting a note which bears an indorser it is absolutely necessary that it be presented by a notary public of record on the day the note falls due, and that notices of such protest be sent to all parties concerned and such notices must be mailed by an early mail on the day following. This protest holds all indorsers in turn for the value of the note, but it is not necessary to protest to hold the maker, although it is best to have a note protested as it is a sworn statement beyond dispute in case of a law suit that the note was presented and refused at the place of payment on the due date.

A note teller after making the collection of a note must make the credits necessary, and those that are unpaid must be handled as instructed by the owner of the note and the notation of its disposal made upon the record book, whether protested, returned without protest or held as requested for further instructions from the owner. All notes paid and credited must be so advised by mail and all handed to the notary should be advised by mail or wire to that effect.

It is the custom in some of the large banks for the note teller to handle all sight drafts, with collateral or documents attached, and items where special advice of payment by wire or mail is requested. He also collects drafts on savings banks and almost every other kind of paper that needs special attention.

A note teller handles all items returned through the clearing house and by hand through the paying tellers for irregularities of indorsement and New York checks, etc. These are charged back to the accounts that received the credit and returned, or in case of instruction to protest, the N. G.'s are handed to the notary for protest.

The messengers presenting items for the note teller should be out of the bank at ten o'clock, and if possible, be back by one o'clock, so as to give the department time to check off the work and also give the paying parties time to make proper payment at the bank if they were not prepared so to do when the messenger called at their office.

The note teller issues cashier's cheques and certificates of deposit and letters of advice for transfer of moneys from and to all parts of the world by mail and by telegraph.

The department of some banks has what is called a "General Book" for making all credits to bank and bankers' accounts, and to accounts on the general bookkeeper's ledger, and what is called a note dealer's book for credits to city and country dealers' accounts. These two books are in loose-leaf form and when one sheet is filled it may be passed on to the bookkeepers for posting, thus causing no delay in the several departments. These two books are the most important ones.

A book account is kept between the paying teller's remittance mail, coupon, money, and draft departments of all inside transactions between the several departments, and their totals show on the "Trial Proof."

The note teller's trial proof is made up on the debit side by total clearing house exchanges, total cheques on own bank charged to the cheque desk, total currency and coin held and amounts due from paying tellers, remittance and department, and any moneys that may be due from any other teller and the total amount of cash items held in the teller's cash over night. The credit side of the proof is made up from the total of the general and note dealer's books and the amounts due to the several tellers. After the trial proof is shown to be correct these figures are transferred to the note teller's final proof sheet where five other departments put their final figures and the last department to put on their figures has to foot and prove the final proof which is taken to the general bookkeeper, and posted on the general bookkeeper's proof.

PRACTICAL PREACHMENT.

What a Man Should Do to Get His Salary Increased.

In an address delivered before the Insurance Society of New York, recently, Charles Lyman Case made some highly interesting remarks on the subject of salaries. Mr. Case is one of the best-known insurance men in New York, and while his address was delivered before insurance men, the thoughts it suggests are applicable in other directions besides the insurance field. Mr. Case said:

"We are all looking, particularly at the early part of the year, for an increase in salary, excepting a few of us who realize that we are getting all that we are entitled to—all that we can earn—and instead of looking for more we are looking to render service that shall prove sufficient to justify a continuance of our present remuneration; but this I know is quite exceptional.

"It is my judgment that to secure an increase of salary one should deserve it by giving his employer a largely increased measure of the following five qualities: **Tact, executive ability, education, enthusiasm, and loyalty.**

"First, of Tact.—Which may be defined as the art of saying and doing the right thing at the right

time. An insurance man needs tact as to the general public whom he meets, as to those below him in rank in business, and those above him. He needs tact as to the public in being quick and eager to see their point of view—he needs to know his customers and to be desirous of satisfying all of their reasonable demands, and of quietly, gently, and inoffensively refusing their unreasonable requests. It is highly desirable that he should know them by sight—he should have his mind so on his business that the minute a customer, or a customer's representative, enters the office he should know him; that he should be able to call him by name, and not apologize by repeating that miserable, worn-out old story that his face is very familiar, but his name has really escaped his memory.

"At a house party given in Tuxedo a few months ago the hostess' baby boy was brought into the living room to be passed around and admired, and, after the old-fashioned custom, the guests wished him good wishes—one wished him health, another beauty, another brilliancy of mind, another courage; finally one of the guests, an old gentleman, rich and ripe in worldly knowledge, quietly said, 'I wish this youngster a gift that perhaps may not be as great as some of the good gifts you have wished him, but nevertheless, it is an important one, I wish him the gift of always being able to remember the names of those he meets.' No matter what your position in life is, it is tactful, it is of advantage to you and to your employer, to be able to call a man by his name, when by the circumstances of your acquaintance with him, or the demands of the situation, it is desirable that you should know him by name. Cultivate this—it will be worth money to you in the long run.

"It is very necessary to exercise a tactful courtesy towards one's inferiors in rank. They are your associates—on them must fall very much of the work, and the work will be better done, and you will get the credit of its being better done, if you exercise a careful, discriminating, tactful courtesy to them in telling them what you require and, if necessary, in pointing out wherein they fail to meet your just requirements. They are inferior to you in rank because either they have less ability or less experience than you. Let me tell you a little story—it is very short—illustrating this. One of the minor actors in Irving's company had only these words to say: 'My lord, the carriage waits.' Irving was not pleased with the way that he said them. Irving said, 'Don't mumble them over in that stupid, idiotic way, say them thus,' illustrating how they should be said, as only Irving could say them. The man replied: 'I beg your pardon, Sir 'Enry, but if I could say them that way I would not be working for you for thirty shillings a week.'

"I know very well that the lash of sharp, stinging rebuke must sometimes be applied, but, unless the offense has been flagrant and open, let the rebuke, mild or severe, be applied in private. Don't wound a man's self-love—it is not a kind thing to do, and it has a tendency to impair the quality of his work.

"Even greater tact is necessary in dealing with one's superiors—perhaps I can illustrate this by telling you of two special agents. Every time Mr. A. came into the manager's room to talk with him about the conditions in his field, he came in with an air of dissatisfaction, criticism—that the company that he served was the most particular, exacting, hard company that there was doing business. It was perfectly surprising, according to his tale, that it got any business at all—that it held the affection of its local agents, and this notwithstanding the business was growing gradually and with a satisfactory loss ratio. The manager's pulse and temperature dropped from five to ten points every time the special agent came to the office, and sometimes the manager felt that really he ought to send in his resignation by cable. All this because of the temperament of the special agent; he did not mean anything by it, but he took a gloomy, pessimistic, critical view of life, and that colored everything he said and did.

"About the same time the company had a special agent of a completely different type, Mr. B. He was very active—he had his good points, but his

idea of tact towards the manager was to flatter the manager. Everything the special agent said and did exuded the unctuous oil of flattery. Everything was for the best in this best possible of all worlds, agents and public were hungry and anxious to represent his company and to secure its policies—never was manager quite equal to his manager; but stripped of all its verbiage, what he said was, in substance, that in his judgment the manager was such a fool that he could be influenced, or controlled, or managed, by what the special agent probably called diplomacy, but which the manager called silly flattery. Neither of these special agents is with the company now—they both had an 'assisted departure.'

"Summing up my remarks on tact—be receptive, alert, eager to please in so far as you can please the public—they have a right to it. You help your standing with your employer if you do this. Be kind and courteous with those who are under you—be frank, open, sincere, wholly truthful in all your relations with those above you, avoiding pessimism and opposition, and the other extreme of flattery.

"Executive Ability.—By this I mean, of course, the power to get things accomplished and to carry responsibilities. This is a very precious gift, and does not come altogether by nature. It needs to be cultivated. Before one reaches a position of any considerable importance, he has those under him to whom he gives instructions. Now, let me tell you a word about these instructions—never for one moment think that the giving of the instructions means that they will be carried out. It is the first duty of an executive officer to see and to know of his own knowledge that the thing that he ordered done is being done, or has been done. Never take anybody's word that it has been done; on the other hand, take for your motto, have it in mind if not in type—'I'm from Missouri, show me.' This need not be done offensively—when Mr. Subordinate says he has done something, say, 'Yes, let's see it, please.' If I could only impress upon you the extreme importance of this—of seeing that the work you want done is done and is properly done—this point would be worth to you much more than the entire cost of your fees to this society.

"As to carrying responsibilities, most of us are prone to burden ourselves with other people's responsibilities to the neglect of our own. It is as easy to carry other people's responsibilities as it is to bear their misfortunes. We are usually quite ready and willing and fully capable to carry the responsibilities of the one above us—we can all poke the fire, or run the hotel, or manage an insurance company, better than the one who is doing it; but as for our own responsibilities we are sometimes slothful, neglectful, indifferent. No great advance in salary will ever come to one who cannot assume and worthily carry responsibilities. To carry them thus requires industry, a cool head, careful judgment, and quick decision. Cultivate these. If there is anything in your mode of life or thought which operates against your having these qualities in the fullest measure—remove it.

"Education.—I am sure that one should bring to the business in these times both a wide and accurate knowledge, first technically, as to our business. We must know the technique thoroughly. At this point, I think I hear some of you saying that some of us older ones have very good positions and yet know little about the technical side of the business—the efficiency of sprinkler systems, and the new and modern methods of construction, etc.—well, I have two answers to that objection, both of them good. First, that we should be very much better officers, if we did have the technical knowledge; and secondly, that we acquired our positions when technical knowledge was less in demand, less an essential condition to important positions, than it is now. Therefore, you make a mistake if you think that because some of us whom you think are without technical knowledge hold good positions, it is of no particular importance for you to get it. Don't make that mistake.

"Here I want to say a few words about the importance of general knowledge, of general informa-

tion. It is a difficult subject to speak of, but the discussion of the evening will not be complete unless I say a few plain words to you on this subject.

"It is not sufficient to know only insurance. You must have a wide, and deep, and broad knowledge to be of any particular importance in the world. You must have the ability to express yourself in writing, and if possible in speech; the power to say clearly what you desire to say, and the power to stop when you get through. This comes with knowledge—sometimes. You must cultivate both the substance and form of expression. Supplement your knowledge of insurance by constant achievements in entirely different directions. It does not make so much difference what it is; one may have a bent for natural science—follow it, know something of the world of Nature. I remember I thought of studying astronomy, but when I read in one book that there were twenty millions of stars, and in an old book that 'One star differeth from another in glory,' and when I began to look into even the simplest mathematics of the subject, I found that it was beyond me, and I gave it up; but some of my friends find great satisfaction in being amateur astronomers, and they are bigger, broader, better men, better insurance men, for that important addition to their general culture. I speak of astronomy merely as one of the many subjects which may be added to one's general education. Take history for instance, especially the history of the struggle for liberty, the progress of the world, the development of the arts and sciences, the glories of literature, the modes of thought and ways of life of foreign people, the history of our own country—all these are merely parts of a culture that to some extent should be yours, and that if acquired will be helpful to you, will have a tendency to increase the market value of your services, and the absence of this culture will be noticeable, and will be, in the larger positions of life, a serious, if not decisive, obstacle to your advancement. Take up whatever branch of knowledge you are most inclined to—cultivate it to the utmost. You may think that I am getting a long way from my text—that it is a far cry from a knowledge of history and literature to an increase in one's monthly salary, and I acknowledge frankly that I can't prove my position—I cannot even explain it satisfactorily; but, nevertheless, I am emphasizing the importance of this difficult branch of my subject because I believe in it so thoroughly—don't take these words as the mere theory of an idealist, as a sort of impossible 'counsel of perfection'; take them, if you will, as the deliberate advice of one whose hair has grown gray since he entered the insurance business, and who has seen many a good man fail of a high degree of success because of the lack of a good, broad education.

"Enthusiasm.—It is hard to define enthusiasm—it is not activity, industry, application, faithfulness—it is more of an intensity of interest in what one is doing. It is not only putting one's back into one's work, it is mixing the sweat of the brow and the gray matter of the brain and the red blood of the heart with the work. Let me illustrate: Two clerks are working side by side in the Accounting Department—a long-delayed outstanding balance finally comes in; the manager, who, of course, has everything in mind, walks out to the Accounting Department and asks the clerk who has enthusiasm: 'Did that Western balance come in this morning?' The clerk who has the enthusiasm replies: 'Yes, Mr. Manager, I was going to tell you about that. It came in the first mail—\$765.23. I am awfully glad about that.' Supposing the manager had asked the clerk without enthusiasm if the cheque had come in; he would have received this kind of an answer: 'I don't exactly remember. It seems to me I did see a cheque in the morning's mail from that agent or some other agent for about that amount, or some other amount. I will look it up and let you know in a little while.' All this in a calm tone and manner that indicated that his salary was in no degree dependent on the receipt of this particular cheque. That's the difference, and that difference carried on

all through the work of those two men brings to one of them a probable advance in salary, and to the other one a bitter disappointment, mingled with surprise as to why he does not get an increase in salary. Let me illustrate with a true story entirely outside of the insurance business. A man who turned out to be a thief and forger was in charge of an important clerical branch of a large company. He forged the vouchers and stole the money represented by them. These vouchers were duly examined and approved by an auditor's clerk, stamped 'correct' by him, and passed for several years, while they were all forgeries. It so happened that this dull, methodical clerk was transferred to other work and a new clerk came in, full of enthusiasm, full of a desire to do something, and he, too, examined these vouchers and it struck him as strange that there was such a similarity in them. They did not look just right to him. To make a long story short, he reported the unusualness of their appearance to his chief. Mr. Thief and Forger was sentenced to the penitentiary for a long term, and the auditor's clerk is now a partner with the firm, getting—I don't know how much, probably \$12,000 or \$15,000 a year as his share, and the first clerk who did his work correctly, perfunctorily, mechanically, is a clerk for another firm, and probably getting \$1,200. Why is it that the man who discovered the mistake is getting his large income? Because he discovered the mistake? Because he was 'lucky'? Not at all; but because he was possessed of certain qualities of mind and instinct and enthusiasm which carried him over and beyond the mere figures that he was checking over into what we may call the soul of figures, the reason for them. To the first man a voucher meant merely a receipt; one voucher was as good as another, so long as the vouchers aggregated the sum that he was required to check. His process of mind was, ten and ten make twenty and thirty make fifty and fifty made one hundred, and here are the vouchers for the \$100, and there you are, and it is 5 o'clock and the day's work is done. To him 'A yellow primrose was a yellow primrose on the river's brim, and nothing more,' but the other man carried into the work this precious quality of enthusiasm that I am talking about, and one good thing about enthusiasm is that there is no kind of work, no matter what it is, in which it is not available. Put it into whatever branch of the service you are engaged in, and in the long run, sooner or later, you are likely to have more dollars in your pocket, or passing through your pocket, if you have enthusiasm in your character.

"Loyalty.—This quality of whole-hearted allegiance has the value of scarcity, and like other scarce qualities, it is very precious—it is worth striving for. We are inclined to be disloyal in thought and deed. If we are told to do something human nature frequently tells us either not to do it at all, or to do it in some other way than the way in which we were instructed to do it. Fight against this inclination—strive mightily for loyalty—to render absolutely loyal service. I shall have to go abroad for an illustration of this quality. An old German saying strikes me as apropos—

"Whose bread I eat, his song I sing."

VILLAGE BANKS IN HOLLAND.

Consul-General S. Listoe, of Rotterdam, furnishes the following information concerning the establishment and workings of agricultural credit systems in the Netherlands:

During his incumbency as Mayor in two country towns in Germany, where he was born in 1818, Friederich Wilhelm Raiffeisen, the founder of and after whom the system was named, saw that the agricultural population suffered severely from usurers, and he subsequently devoted his life to solving the problem which should relieve the farmers from this infliction. His first step in this direction was the formation of a co-operative society for the purchase of cattle, but as the poorer among those to be

benefited by this society were absolutely without means, he established a few years later an organization to furnish means to the small farmer. This was soon transformed into a savings and loan bank, and thus the first farmers' co-operative banking movement was started, according to the principles which "Father Raiffeisen" considered essential.

Though this parent institution was only launched in 1864, there are now thousands of such village banks in operation in Germany, and although they only made their appearance in the Netherlands in 1889, there are now over 600 of these institutions in the country. Wherever these banks exist they have given good results, and it is a source of regret among Dutch farmers that their establishment had not been effected earlier.

The principles of the Raiffeisen system give the farmers' loan banks a peculiarly solid foundation, to which that of no other money institution or savings bank can well be compared. The sphere of operation of each bank is small, as every institution is working only for one particular community. The members of the bank know each other personally, and the managers keep well informed as to the reliability and integrity of all those who apply for advances. Again, they are managed free of charge, as only the cashier gets a salary. The managers and directors are selected from well-known villagers, who are generally found willing to place their reputation and business knowledge at the disposal of their fellow-citizens.

When an application is made for a loan, the only point considered is whether or not the applicant will be benefited. The bank does not consider the particular profit it can make by taking advantage of the applicant's difficulties. As a definite rate of interest —4½ per cent.—is charged on all loans, the dangers of losses from hazardous or speculative investments by the banks are absolutely avoided.

Another essential feature is the so-called undividable fund. This fund represents the total accumulation of all profits, and it is only when this sum reaches too high a figure that a general meeting of members decides whether and how the excessive income shall be spent, either in raising the percentage paid to depositors or in acquiring objects and works essential to the material interest and welfare of the members.

The whole arrangement of the Raiffeisen banks indicates an earnest effort to promote the interests of the members, all self-interest and profit seeking being excluded. The Raiffeisen system is often mentioned as one of the effective means which may be employed against the influences of trusts and syndicates and against cold, unfeeling, and calculating materialism; it works with an educational impulse, and its ennobling influence on social life and mutual intercourse can not be overestimated.

The members bind themselves to refund all loans which the bank has taken up (that is, deposits and advances from the central bank), and should the assets of the bank prove insufficient for that purpose, they are obliged to make good the shortage in equal parts. Should one member not be in a position to fulfill his pro rata obligation, his share is to be paid by the remaining solvent members. The creditors of the bank, and especially those who have deposited their savings, are thus given an excellent guaranty. At the same time the responsibility of the members is not too oppressive, as they are fully able to limit their liability at the general meeting of members which fixes and names the maximum amount to be accepted from any one depositor or of the total depositors, and to be drawn from the central bank at Utrecht.

Those persons who might hesitate to give their support to the undertaking owing to the unlimited liability of members, should bear in mind that the only manner in which the money can be lost is through the failure of borrowers to return loans, and that each and every one of these loans is fully guaranteed before it is made by the bank. Of the 300 banks connected with the Central Raiffeisen Bank at Utrecht not one has thus far suffered a single loss. Amortization of the advances has been regular and has taken place without difficulties of any kind. No

advance is granted unless covered by personal or collateral security, and the operation of the bank being purely local easily admits of control of the manner in which the advance is applied.

SOME QUALIFICATIONS FOR A BANK DIRECTOR.

An up-to-date bank director, as the "up-to-date" part of it implies, must necessarily be just the prink of what he ought to be in the position with which he is honored, declared a Western banking magazine. Among the old sayings which have borne frequent repetition because of their truth, is that very old one which declares that "honors rarely come easy." Before the bank director becomes such he must have done something which advertised him as a fit encumbent for the place. First of all, the "prink of what he ought to be" could not well be taken from the rabble. Neither is he chosen merely because he is known to be a loyal subject of Uncle Sam, nor yet because he sports the good blue blood of an historic grandfather or forefather; although we are not saying that a dash of such blood detracts from his value as a man of trust.

No; the man who is asked to become a director of a bank must not only be eligible to a portion of its stock through the avenue of money accumulated, but he receives the invitation because at some time prior thereto he has demonstrated his ability to manage certain private interests of his own successfully. In the accumulation of a fair competence he has gained a reputation for keen business sagacity, and in the distribution of his affairs he has given such heed to the Golden Rule as to clothe himself with the mantle of integrity. Thus it is that, after his advent into the director's chair, Conscience becomes his close companion in the distribution of the affairs of the bank in the same manner that she abode with him during the time that he was demonstrating his entire worthiness to become a factor in that bank. Without doubt he has implicit confidence in the active management of the bank; but this confidence does not deter him from sitting *en banc* as often as possible to determine the policy which that active management should pursue. In doing this he does not approve the policy of drawing the reins too tight, for he realizes that the active management should be empowered to act independently and immediately, should occasion require; but the up-to-date bank director has no mind to throw the burden of responsibility entirely upon the men whom he has been instrumental in placing in active office. The interests of the bank have become his interests. He is even willing to lend himself to the advertising scheme in order to gain new accounts and to force old patrons to concentrate their scattered business in his bank. In fact, he accepts his trust, not so much as an additional honor conferred upon him by his business associates, as an additional responsibility which he is to carry home with him mentally every night, entertain in his dreams mayhap, and to which he is at all times to attend, as sacred and vital to the interests of himself and to his community.

BANKING IN ASIA MINOR.

Consul Edward I. Nathan, of Mersine, states that the Deutsche Orient Bank, which has a head office in Constantinople and recently opened a branch in Mersine, is preparing to open branches in Adana and Aleppo, Syria. New buildings are erecting for the Mersine and Adana branches, and temporary quarters have been secured for the Aleppo branch. The opening of these banks is coincident with the construction of the new sections of the Bagdad Railway, which will connect Adana and Aleppo with Constantinople and make Mersine the port for entry and shipment of wares. The business of these banks is largely the loaning of money on consignments of merchandise and the discounting of bills. Several local municipal loans are also to be undertaken. Interest rates ordinarily range from 9 to 12 per cent. per annum, according to the character of the security and the amounts borrowed. The establishment of banks is both directly remunerative and a great aid to increasing trade with Turkey.

